

WHAT INFLUENCE DOES BRAND IMAGE AND BRAND REPUTATION HAVE
TOWARDS ACHIEVING A SUSTAINED COMPETITIVE ADVANTAGE IN THE
SPORTS APPAREL INDUSTRY?

Thesis submitted to the Auckland University of Technology in partial fulfilment of a
Masters of Business degree

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2006

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LIST OF ABBREVIATIONS

RBV.....	Resource-Based View
SCA.....	Sustained Competitive Advantage
CA.....	Competitive Advantage
IO.....	Industrial Organisation
SCP.....	Structure Conduct Performance
HRM.....	Human Resource Management
AUT.....	Auckland University of Technology
BSR.....	Bachelor of Sport and Recreation

ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where specifically defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Signed _____

Date _____

ACKNOWLEDGEMENTS

A thesis is a complicated piece of work that requires the support and direction of key individuals. I was fortunate enough to have the support and guidance of some very special people throughout this research and I would like to acknowledge their contributions. Several unavoidable supervision changes occurred during this thesis which was unlucky. However, I was lucky to have two supervisors who stood by my side and saw the completion of this thesis.

I acknowledge with gratitude the dedication, direction and support of Dr Martie-Louise Verreyne my supervisor. Your dedication has been great throughout the entire Master programme and your support is deeply appreciated. I acknowledge with gratitude the dedication, direction and support of Dr Geoff Dickson my supervisor. Your support and direction is deeply appreciated. I would also like to thank Dr Bob Heere for the support and input to this research.

I would also like to thank the individual interviewees, respective organisations and focus group participants who gave their time and input to this study. Thank you to all postgraduate students. It been a long enjoyable two years and your support, help and friendship will not be forgotten.

Finally, thank you to my family for the support throughout the past five years of study. I am very lucky and fortunate to have parents that showed their support every step of the way and for that I thank you. Therefore I dedicate this thesis to my parents.

ABSTRACT

The purpose of the research was to investigate the contribution of brand image and brand reputation towards the creation of a sustained competitive advantage (SCA) in the sports apparel industry. The literature review indicates that intangible resources are more likely to be sources of SCA because they are invisible and difficult to copy. In addition, brand image and brand reputation are recognised as two of the most important intangible resources. However, the relationship between brand image, brand reputation and SCA has not been sufficiently explored. A comparative case study of three leading sports apparel brands Adidas, Puma and Canterbury Clothing Company was conducted. Data were collected supporting a triangulation collection method of secondary data sources as well as interviews with a senior manager from each of the brands and two focus groups conducted with consumers. Data analysis involved a six-step coding process, also known as thematic analysis. Subsequent analysis identified three elements that influence both brand image and brand reputation. Sponsorship, product quality and media were found to influence how consumers perceive a firm's brand image, and over time this brand image is believed to create a brand reputation. Furthermore, findings suggest that brand image will potentially lead toward a competitive advantage (CA) and brand reputation can potentially lead towards a SCA. These elements are underpinned by eight propositions and are presented in a proposed model.

PART 1: BACKGROUND AND LITERATURE REVIEW

CHAPTER 1

INTRODUCTION

1.1 Introduction

Competition is a potential predicament faced by firms in a variety of industries at various stages of their existence. Therefore, the creation of a sustainable competitive advantage is at the heart of strategic management.

The sports industry is increasing in size, complexity and professionalism and commercial imperatives are commonplace. Television and other media have linked sport to large-scale advertising (i.e. sponsorship) investments, which has provided the funding necessary for most elite athletes to become professional athletes (Collins, 2000). At the same time, this increased commercialisation has provided opportunities for sports apparel brands such as Canterbury, Adidas and Puma to grow and become major sponsors of sports teams and athletes in order to increase their profile and ultimately increase sales. This has increased the competition among sports apparel brands, where they are continuously competing against each other in the market for exposure, positive perceptions, sales and sponsorship properties.

If a brand is liked and held in high regard it will be supported. In addition, if a sports brand consistently portrays a positive message throughout its operations, it will possess a positive brand image and a positive brand reputation will start to develop. A firm that owns a sports brand with a positive brand image and brand reputation is in possession of a valuable asset. Furthermore, if this firm possesses a positive brand reputation that influences consumer

purchase intentions and attracts support, this firm is in possession of a resource capable of generating a sustainable competitive advantage.

Brand image and brand reputation are explained to be closely-related resources that are more valuable when they complement and magnify the effects of one another (Amit & Schoemaker, 1993) and are identified as potential sources of SCA (Amis, 2003). What is unclear is the relationship between the two types of intangible resources, (i) brand image (ii) brand reputation, and SCA.

This research addresses this issue by using the resource-based view of the firm (RBV) to explain CA, which is supported by a triangulation data collection method. Furthermore, the research seeks to develop a model that explains the influence of brand image and brand reputation on SCA in the sports apparel industry.

1.2 Background

The RBV and SCA are major perspectives in the field of strategic management (Fahy, 2000). RBV initially looked predominantly at firm-specific resources and identified the concept of heterogeneity among firms and how these resources can be sources of SCA. This work started with Chamberlin (1933) and Robinson (1933) and was further developed by theorists such as Penrose (1959), Wernerfelt (1984) and Barney (1991). This theory has been expanded into the areas of industrial organisation economics prompting Conner (1991) to suggest that it meets the criteria necessary to be considered a new theory. RBV is well-grounded in industrial economics and has benefited in its development from a multiplicity of contributions by management writers.

RBV is a theory explaining why some firms have a CA over their rivals (Fahy, 2000). A firm is said to have a CA when it implements a value-creating strategy that is not presently being implemented by current or potential competitors (Clulow, Gerstman & Barry, 2003). RBV places emphasis on types of resources leading towards SCA (Barney, 1991; Fahy, 2000; Grant, 1991; Hofer & Schendel, 1978). Most firms possess a large variety of resources, but not all resources are of equal importance or have the same potential to generate a SCA (Barney, 1991; Clulow, Gerstman, & Barry, 2003; Fahy, 2000). Therefore RBV places a significant emphasis on the characteristics of advantage-creating resources. Despite the lack of consensus regarding the characteristics a resource must possess to provide a SCA, there are some commonalities in the literature (Amit & Schoemaker, 1993; Barney, 1991; Collis & Montgomery, 1995; Grant, 1991) .

A popular dichotomy for the drivers of SCA is to classify a resource as being either tangible or intangible. It is argued that whilst tangible assets do have value that may be appropriated by the firm, they are not key resources because they are causally explicit and hence easily duplicated (Clulow et al., 2003). This suggests that tangible resources cannot hold the essential characteristics to sustain a competitive advantage. On the other hand, intangible resources are not easily duplicated and are therefore more likely to lead to a SCA.

Brand image and brand reputation represent two intangible assets that are capable of providing the basis for SCA (Amis, 2003). Although brand image and brand reputation are closely-related concepts, they are not the same.

1.3 Problem Orientation and Research Question

Intangible resources such as brand image and brand reputation are considered to be more likely to result in SCA than tangible resources. Brand image and brand reputation are closely related but not identical concepts. A brand image consists of “the perceptions about a brand as reflected by the brand associations held in consumers’ memory” (Keller 1993, p.3). Reputation refers to the “more general emotional response that an individual has towards an organisation as a consequence of its actions over a longer period of time” (Amis 2003, p 191). These definitions suggest that brand reputation has a deeper, more important meaning that is created over time, and brand image is the consumer’s current perception of a brand held in memory. Although their complementary nature has been recognised, the question of how they complement each other to provide for a SCA remains without a definitive answer.

The literature clearly suggests that intangible resources are more likely than tangible resources to provide for a SCA (Amis, 2003; Barney, 1991; Clulow et al., 2003; Fahy, 2000; Hall, 1992, 1993). However, the literature is less clear as to whether all intangible resources can provide for a SCA. Furthermore, the influence of the two most important intangible resources (namely brand image and brand reputation) on SCA is unclear. On this basis, this research seeks to develop a model that explains the influence of brand image and brand reputation on SCA in the sports apparel industry. Thus the research question can be identified as: “What influence does brand image and brand reputation towards achieving a sustained competitive advantage in the sports apparel industry?”

1.4 Research Method

To facilitate the development of a model that links brand image, brand reputation and SCA, this research adopted an interpretive approach (Taylor & Bogdan, 1998). While interpretivism is at the core of this study, this research also incorporates elements of critical analysis to identify and translate the underlying elements of RBV and SCA. A combination of both deductive and inductive research was used to create findings from data considered essential to the research question. The deductive analysis involved critical analysis of various researchers' frameworks regarding RBV and SCA. The inductive process involved the use of interviews, two focus groups and a collection of secondary data, thus supporting a triangulation data collection method. This approach was introduced not only to support the preliminary analysis and critique the established frameworks, but also to identify, uncover and expand on specific concepts that evolved from the preliminary analysis.

Case studies of three of New Zealand's leading sports apparel brands — Adidas, Puma and Canterbury — were developed. Due to specific time constraints placed on a Masters Thesis, these sports apparel brands were used in the New Zealand context in this research because there would not have been sufficient time to conduct research with these brands overseas. Data for these case studies was provided by secondary sources and interviews with senior marketing managers. In addition, two focus groups were conducted with university students enrolled in a sport marketing paper. Thematic analysis was utilised to analyse the data collected. Therefore the findings are presented as themes. The research method followed in this thesis is explained in more detail in Chapter 4.

1.5 Structure of the Thesis

The following chapters of this thesis examine the emergence of RBV and SCA. Chapter 2 draws on the fundamental principles of RBV, presents the story of RBV and critiques the already-established frameworks. Chapter 3 establishes the importance of intangible resources with a focus on brand image and brand reputation. Chapter 4 outlines the chosen methodology of this study, specifically a methodology involving data triangulation, which is split into four different findings sections found in Chapters 5, 6, 7 and 8. The three case studies are arranged in the order of Adidas, Puma and finally Canterbury. The cases consist of a collection of secondary data, which is followed by the findings from the interviews. Chapter 8 presents the findings from the two focus groups. Chapter 9 is a discussion of all the data collected and presented under the themes that arose during the course of data analysis. Chapter 10 is the conclusion to the thesis and also incorporates implications and future research suggestions.

CHAPTER 2

LITERATURE REVIEW 1

2.1 Introduction

This chapter presents an overview of the RBV from its earliest developments and how it has evolved over the decades and branched off into new areas. This view is then extended to address the topics of advantage-creating resources, essential characteristics and SCA. Furthermore, this chapter will also present and critique distinctive frameworks from various researchers.

2.2 Background to the Resource-Based View

The RBV has emerged as a popular theory to explain a competitive advantage (CA) by looking at firms' resources (Fahy, 2000). The RBV starts with the assumption that a desired outcome of managerial effort in a firm is a SCA. Achieving a SCA allows the firm to earn economic rents exceeding the standard return (Barney, 1991). According to the RBV the concept of SCA lies in the possession of certain key resources, thus a SCA can be achieved if the firm successfully deploys these resources in its product markets. Therefore the RBV emphasises strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximise returns (Fahy, 2000).

The pursuit of CA is a concept that is at the heart of the strategic management literature. The major theories, namely RBV and Industrial Organisation (IO), have been used to explain CA and are often seen as competing theories (Fahy, 2000). However, there are

relationships and similarities within the RBV and IO theories. IO is in the field of economics, with a focus on how industries rather than individual firms behave (Mintzberg, Ahlstrand, & Lampel, 1998). IO economists are interested in the allocation of resources in the economy, that is, across industries (McWilliams & Smart, 1995b). IO identifies CA from an external perspective and it was from this lead that the RBV was developed (Mintzberg et al., 1998).

Conner (1991) states that, “A resource-based approach to strategic management focuses on the costly-to-copy attributes of the firm as sources of economic rents and, therefore, as the fundamental drivers of performance and competitive advantage” (p. 121). Conner (1991) believes that an historical review of strategy research suggests that a resource-based perspective has long been central to strategic management. The resource-based approach is searching for a theory of the firm, and thus that predecessor theories of the firm are appropriate standards by which to compare the novelty of this strategic approach (Conner, 1991). These theories are briefly introduced below.

Neoclassical perfect competition model theory: Firms as combiners of inputs (McNulty, 1968). In the perfect competition model the firm exists to combine resources to produce an end product. It is believed the firm’s product is the joint output of multiple inputs working together (McNulty, 1968). This theory generally assumes that the right input can be readily ascertained, the marginal contribution of each input is easily calculated, all parties have perfect and complete information and all resources are completely mobile (McNulty, 1968). The distinctions between this theory and the RBV are that under the resource-based theory critical resources may be immobile and the identification of resource combinations is not

obvious. Similarities are identified, as both theories suggest firms are input combiners and emphasises physical production of goods or services (Conner, 1991).

Bain-type IO: Firms as output-restrainers (Bain, 1954). This theory suggests that the firm exists to hold back productive output through exercise of monopoly power or by colluding with other firms (Bain, 1954). If firms restrain output, market price will be driven up. As opposed to Bain's exercise of monopoly output restraints, resource-based theory recognises the power of revolutionary innovation to shift market positions (Bain, 1954). Thus, the resource-based theory rejects the necessity of pre-monopolistic earning to support such initiatives and does not find inconsistent the view that less than revolutionary innovations, well protected by resource barriers, can yield above normal returns (Conner, 1991). The two theories hold similar concepts: that persistent above-normal return is possible and that a firm's environment poses critical constraints on strategy (Conner, 1991).

Schumpeter's response: A focus on dynamics, with firms as seekers of new ways of competing (Nelson & Winter, 1982; Schumpeter, 1950). Schumpeter's (1950) view holds that the purpose of the firm is to seize competitive opportunity by creating or adopting innovations that make rivals positions obsolete (Conner, 1991). It is perceived that this competition is much more effective than price competition over existing products (Conner, 1991). The key differences between resource-based theory and Schumpeter's theory are that the feasibility of new ways of competing does not rest on monopolistic practices and that imitators are constrained by costly-to-copy resources such as time compression diseconomies and causal ambiguity (Mahoney, 2001). However, this theory also holds similarities with the RBV, such as that above normal returns can result from new ways of competing and the fact that potential imitators always exist (Conner, 1991).

Chicago school responses: A resistance of price theory, with firms as seekers of production and distribution efficiencies (Demsetz, 1973; Stigler, 1968). Similarities between this theory and the resource based theory can be seen, as firms are production- and efficiency-seekers, and the size and scope of the firm reflect the extent to which production and distribution efficiencies are achieved (Conner, 1991). Distinctions between the two theories are quite clear; resource based theory focuses more on the intermediate term whereas the Chicago school theory concentrates more on the long term. Thus, entry need not dissipate above-normal returns in the time span relevant to the firm and its strategic choice problem (Conner, 1991).

Transaction costs theory: Firms as avoiders of the costs of market exchange (Coase, 1960; Williamson, 1975). This theory suggests that firms exist to avoid the costs of conducting the same exchange between autonomous contractors (Conner, 1991). Coase (1960) as cited in (Conner, 1991) states that a firm will tend to expand until the costs of organising an extra transaction within the firm become equal to the costs of carrying out the same transaction by means of an exchange on the open market or the costs of organising it in another firm. A similarity between the two theories is that asset specificity and small numbers are critical concepts constraining the firm's strategic options. A key distinction is that the heart of the firm in resource based theory centres on deployment and a combination of specific resources rather than on the avoidance of opportunism (Williamson, 1975).

Another IO theory that warrants mention is Structure-Conduct-Performance (SCP). Industrial economists have used SCP studies to analyse industries and markets (Delorme, Kamerschen, Klein, & Voeks, 2002). Mason (1939) states that the market and market

structure must be defined with reference to the position of a single seller or buyer. The structure of a seller's market, then, includes all those considerations which he takes into account in determining his business policies and practices. That market includes all buyers and sellers, of whatever product, the actions of whom he considers to influence his volume of sales (Mason, 1939). However, in the traditional SCP view, market structure includes product differentiation, barriers to entry, buyers' concentration, fixed costs, barriers to exit, and the growth rate of market demand. Market conduct includes firms' policies that effect customers, rivals and suppliers, including price, product characteristics and other terms that influence market transactions. By generating high entry barriers or by attempting to drive out existing firms, firms can attempt to alter the structure of the market (Delorme et al., 2002).

Traditionally, analysts have assumed a one-way causal relationship between market structure and market performance via market conduct. Market structure was treated as exogenous, as determined by basic market conditions such as technology and demand (Delorme et al., 2002). More recent studies, however, recognise a feedback effect in which performance affects both conduct and structure, and conduct in turn affects structure (Delorme et al., 2002; McWilliams & Smart, 1995a). These studies indicate that structure is influenced by conduct and performance (Delorme et al., 2002; McWilliams & Smart, 1995a). According to the SCP paradigm, the firm is a black box, meaning that internal management is not considered to be important because the link between management and performance is not important (McWilliams & Smart, 1995a; Porter, 1980). Therefore a manager's role is to select attractive environments (structures) for the firm (Porter, 1980). The chosen structure determines what conduct is appropriate and this conduct determines the potential performance of the firm (Porter, 1980). Within the RBV conceptualisation, a

firm's internal operations generate CA through the allocation of firm-specific resources, thus are important to the performance of the firm. However, due to managers not knowing how their internal operations generate CA (because of causal ambiguity) and cannot effectively manage the relationships that lead to CA (because of social complexity), managers are still moderately unimportant (McWilliams & Smart, 1995a). The RBV can be seen to concur with certain concepts of SCP but at the same time can be identified to go the opposite way.

One of the earliest acknowledgements of the potential importance of firm-specific resources is to be found in the work of economists such as Chamberlin and Robinson in the 1930s. Rather than emphasising market structures, Chamberlin (1933) and Robinson (1933) highlighted firm heterogeneity and proposed that the unique assets and capabilities of firms were significant factors in amplifying imperfect competition and the attainment of super-normal profits. Furthermore, Chamberlin identified several key capabilities of firms that contributed to this, which included technical know-how, reputation, brand awareness, the ability of managers to work together and, particularly, patents and trademarks.

Edith Penrose (1959) conceptualised the firm as an administrative organisation and a collection of product resources. Rather than emphasising market structures, Penrose also highlighted firm heterogeneity and that there is money to be made from exploiting the distinctions between firms. Furthermore, Penrose distinguished between physical and human resources, with the latter including the knowledge and experience of the management team. The term RBV was originally coined by Wernerfelt (1984) when he built on Penrose's work by submitting a paper that explored the usefulness of analysing firms and their resources. With this conceptual paper, Wernerfelt then defined resource

barriers as being partially analogous to entry barriers, which gave an understanding into growth share and introduced consideration into different growth paths. In saying this, the only general statement made about growth strategy is that it involves the exploitation of existing resources and the development of new ones (Wernerfelt, 1984).

Barney (1991) is recognised as a modern theorist who further explored the theory of RBV. Barney (1991) added to the literature by introducing his framework of “Firm Resources and Sustained Competitive Advantage”, which identified essential characteristics of advantage-creating resources and expanded on firm heterogeneity. Barney identified types of resources and the essential characteristics a resource must possess to lead to a SCA. (Barney’s framework is discussed in more depth further on in this review).

Although these concepts were dormant for most of the 1980s, the later part of that decade saw increased interest in firm-specific variables, thus the resource-based perspective claimed an abundance of interest (Fahy, 2000). Management literature uncovered results that explained why firms with particular skills and capabilities were able to out-perform their rivals, which triggered an escalation of interest (Coyne, 1986; Fahy, 2000; Grant, 1991; Hall, 1989; Williams, 1992). Following this, a number of industrial economists contributed with rigorous examinations of why performance differences persisted in open competition, which became one of the core insights of the RBV (Fahey, 2000).

Possibly the most influential of these economists is Porter (1980), who reworked the traditional SCP paradigm to show that, while industry structure as measured by his five forces model meant some industries were inherently more profitable than others, firms could optimise performance by how they positioned themselves vis-à-vis these forces.

Furthermore, Porter focused on the role of industry in determining firm-level profitability. Porter argued that some industries were inherently more profitable than others due to their structural make up and that firms could earn monopoly rents by either selecting these structurally attractive industries or by manipulating the forces driving competition in their favour through the selection of generic competitive strategies (Porter, 1980). This allows firms to effectively deploy their resources into significant product markets, emphasising strategic choice with the RBV. Thus firms' management teams possess the important task of identifying, developing and deploying key resources (Fahy, 2000).

In summary, an analysis of the resource-based theory indicates that it rejects and incorporates at least one central concept of each of the IO-related theories (Conner, 1991). For example, the neoclassical view of the firm as input-combiner is at the heart of the RBV; in turn the RBV rejects the assumptions of perfect information, resource mobility and divisibility (Conner, 1991). A resource-based perspective is at different ends of the court compared with the Bain-type view, where earnings reflect exercise of monopoly power or collusion, united with entry deterrence and predation. However, the resource-based approach emphasises increased earnings as being rents to costly-to-copy productive assets (Conner, 1991). The RBV accepts Schumpeter's concept of a dynamic process in which a firm can experience dramatic gains. However, the RBV also accepts that above-normal earnings, in which inputs remain costly to copy, may come from much less impressive novelty as well (Conner, 1991). Furthermore, the RBV holds the same concept as the Chicago theory, where the firm is an efficiency-seeker in production and distribution. RBV emphasises analysing the strategic problem within the firm in the short and intermediate runs of greater interest to the firm, in which inputs may stay costly to copy. However, the Chicago theory focuses on the long term, where entry dissipates above-normal earnings

(Conner, 1991). Both transaction costs theory and the RBV hold the notion of asset-specificity and small numbers as being critical concepts constraining the firm's strategic intent, but unlike the transaction cost theory the RBV centres on deployment and the combination of specific resources rather than on attenuation of opportunism (Mahoney, 2001). Finally, recent studies of SCP recognise a feedback effect, in which performance affects both conduct and structure, and conduct in turn affects structure (Delorme et al., 2002; McWilliams & Smart, 1995a). The basic tenet of the SCP paradigm is that the economic performance of an industry is a function of the conduct of buyers and sellers, which in turn is a function of the industry's structure (Bain, 1956; Mason, 1939). This means that internal management is considered to be unimportant due to the link between management and performance not being important. However, within the RBV, a firm's internal operations generate CA through the allocation of firm-specific resources, so are important to the performance of the firm. Due to causal ambiguity and social complexity, managers are still moderately unimportant (McWilliams & Smart, 1995a). Various concepts of the RBV can be identified to support SCP but to a certain degree have a dissimilar understanding of developing a CA.

The theory of the RBV initially looked predominantly at a firm's specific resources and identified the concept of heterogeneity among firms and how these resources could be a source of SCA. This theory has been expanded into the areas of industrial organisation economics, where Conner (1991) believes that although the RBV does not represent the only theory of the firm, it does meet the criteria for a new theory. Therefore it is fair to say that the RBV effectively sustains the conversation within strategic management and between strategic management and branches of economics such as industry organisation (Fahy, 2000).

2.3 Types of Resources

The current understanding of the RBV is that firms can sustain a competitive advantage via essential resources. Thus the RBV of the firm has placed immense emphasis on types of advantage-creating resources, resulting in an abundance of research identifying types of resources and the categories they fall into. From this, an evident problem of nomenclature has evolved within the RBV when labelling a firm's resources. The literature has shown that resources can be described under various categories. Although there is a degree of overlap, there is no solid agreement about the type or types of resources that will provide a CA. Firstly, Hofer and Schendel (1978) argue resources fall under six different categories. Next, Barney (1991) indicates resources fall under three different categories. Finally, Fahy (2000) also identifies that resources fall under three categories. This section will discuss and define the types of resources. It is organised chronologically, beginning with the earliest research by Hofer and Schendel (1978), followed by Barney (1991), and finally Fahy (2000). This section will also place the types of resources in a table under the appropriate heading, namely tangible or intangible resources. Other researchers have also identified concepts of resource types; however, this paper will focus on the work of the above researchers.

Hofer and Schendel (1978) state that resources fall under six categories: financial, human, organisational, physical, technological and reputation. *Financial* resources can be recognised as something that holds value in financial terms. *Human* resources can be identified as qualities an employee may hold, such as experience, knowledge and intellect. *Organisational* resources can be recognised as preparation, planning or forecasting and inter-firm relations. *Physical* resources can involve all types of equipment within a firm

that can be touched; for example, land, buildings or machinery. *Technological* resources include sources of the latest technological advance such as computers. *Reputation* can be identified as the perceptions people hold towards a firm.

Barney (1991) has conveniently classified possible firm resources into three categories: physical capital, human capital and organisational capital. *Physical capital resources* are the physical technology used in a firm, the firm's plant and equipment, its geographic location and its access to raw materials. *Human capital resources* include the training, experience, judgement, intelligence, relationships and insight of individual managers and workers of the firm. *Organisational capital resources* are a firm's formal reporting structure, its formal/informal planning, controlling, and co-ordinating systems as well as informal relations among groups within the firm and between a firm and those in its environment.

Fahy (2000) also indicates that resources fall into three categories — tangible, intangible and capabilities. *Tangible assets* are the fixed and present assets of an organisation which have a fixed and long-run capacity (Wernerfelt, 1989). Tangible assets include plant, equipment, land and other capital goods and stocks. Tangible assets are the possessions of ownership and their value is moderately simple to calculate (Hall, 1992). Grant (1991) explains other defining characteristics of tangible assets as being that they are transparent and relatively weak at resisting duplication efforts by competitors. *Intangible assets* are unable to be touched and include intellectual property such as trademarks and patents as well as company reputation, networks and databases (Hall, 1992). Intangible assets have comparatively infinite capacity and firms can exploit their value by using them in-house, renting them (eg, a licence) or selling them (eg, selling a brand) (Wernerfelt, 1989). These

types of assets are somewhat moderately resistant to duplication efforts by competitors. *Capabilities* is the third type of resource, which has proven to be quite complex to define. Wernerfelt (1989) describes capabilities as invisible assets, whereas Amit and Schoemaker (1993) describe them as intermediate goods. Fundamentally, capabilities encompass the skills of individuals or groups as well as the organisational routines and interactions through which all the firm's resources are synchronised (Grant, 1991). Capabilities can be recognised as teamwork, organisational culture and trust between management and workers, thus they do not have clearly defined property rights attached to them as they are hardly ever the subject of transaction (Hall, 1989). They have limited capacity in the short run owing to learning and change difficulties but have relatively unlimited capacities in the long run (Wernerfelt, 1989). The skills individuals possess can be highly tacit, therefore making them imitable and non-substitutable, although they can be hired away by competitors (Fahy, 2000). Capabilities are interaction-based, indicating it can be quite complicated to duplicate them owing to causal ambiguity.

Table 2.1: Types of Resources

Source	Tangible resources	Intangible resources
Hofer and Schendel (1978)	Physical, technological, financial	Human, organisational, reputation
Barney (1991)	Physical capital	Human capital, organisational capital
Fahy (2000)	Tangible	Intangible, capabilities

Source: Student's own

Table 2.1 shows the various types of resources identified by three different researchers and where they fit as tangible or intangible resources. Tangible and intangible resource categories will be used for this research because it clearly distinguishes between the types of resources and enables the placement of resource types under more comprehensible labels.

A resource can be classed as anything that can be termed a strength or a weakness (Wernerfelt, 1984), and the literature above has shown that types of advantage-creating resources have been categorised into significantly different groups by three different studies, namely Hofer and Schendel (1978), Barney (1991) and Fahy (2000). However, it has been suggested in the literature that tangible resources will not lead to a SCA (Barney, 1991; Clulow et al., 2003; Fahy, 2000; Teece, Pisano, & Shuen, 1997).

Research conducted by Clulow et al. (2003) indicates that tangible assets have value that may be appropriated by the firm, but they are not key resources because they are causally explicit and hence easily duplicated (Clulow et al., 2003). This would suggest that tangible resources cannot hold the essential characteristics necessary to sustain a CA. However, in turn it can be argued that if there are barriers to attaining these resources, it may be possible for tangible resources to sustain a CA. Barriers could involve patents, finance or supply barriers. It is possible for larger firms to possess the latest or most advanced technology, which can significantly place it at an advantage over its competitors. However, smaller firms may not hold the finance necessary to attain this equipment, therefore there are financial barriers. Thus it is possible for the firm that possesses this equipment to hold a CA over its competitors. If for some reason competing firms are unable to gain access to

the resources, meaning there are supply barriers or even patents issues, the firm that possesses these resources will also hold the potential to attain a CA (Hall, 1992).

As stated above, a resource can be anything that holds the potential to be a strength or weakness and, with reference to the above literature, it can be suggested that intangible resources are more likely to be a strength than tangible resources. Because intangible resources are invisible, they are less observable as a resource and less easy to understand, resulting in a greater likelihood of them being an important source of SCA. Taking this thinking to its logical conclusion implies that the best resource can never be identified with certainty. Organisational brands are identified as important resources that can potentially build shareholder value and are a true source of SCA.

In summary, the research reviewed in this section has shown there to be a degree of overlap between categories. For example, the work of Hofer and Schendel (1978) and Barney (1991) both believe resources fall into human, organisational and physical categories. Furthermore, physical resources can be identified as tangible resources. Organisational resources can be recognised as capabilities, as both resource types have the same meaning. Thus organisational and human capital and capabilities can all be recognised as intangible resources. The above section has identified the issue of nomenclature involved in the development of the RBV. Different researchers have used a variety of labels to describe a firm's resource set, and to overcome this ambiguity the labelled resources that will be used for the purpose of this study will be tangible and intangible resources.

It is also identified in this section that not all resources will sustain a CA (Barney, 1991) and intangible resources are recognised as key resources providing a SCA because they are much more difficult to duplicate, imitate or substitute for.

2.4 The Characteristics of Advantage-Creating Resources

All firms possess a large list of resources and it has been suggested above that not all resources are of equal importance and not all have the potential to generate a SCA. Therefore a huge emphasis has been placed on the characteristics of advantage-creating resources (Amit & Schoemaker, 1993; Barney, 1991; Collis & Montgomery, 1995; Grant, 1991) . It is argued that for a resource to be a source of SCA it is imperative that it holds essential characteristics. This section (2.5) will define and discuss the characteristics that advantage-creating resources must have from the perspectives of various researchers. Once again this section is in chronological order starting with Barney (1991), proposing that advantage-creating resources must meet four conditions value, rareness, inimitability and non-substitutability. Following this Grant (1991) argues that levels of durability, transparency, transferability and replicability are important determinants, while Amit and Schoemaker (1993) go a step further by generating a list of eight criteria, complementarity, scarcity, low tradability, durability, inimitability, limited substitutability, appropriability and overlap with strategic industry factors. Finally, Collis and Montgomery (1995)emphasise that it is critical that firms meet five tests, namely inimitability, durability, appropriability, substitutability and competitive superiority.

2.4.1 Barney's (1991) framework of firm resources and sustained competitive advantage

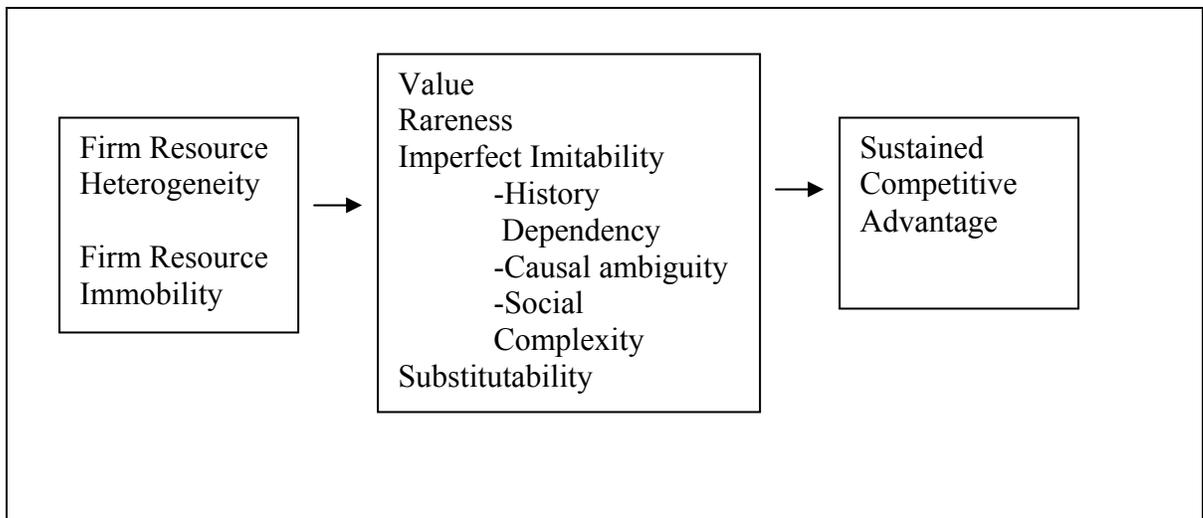
Barney (1991) states that advantage-creating resources must meet four conditions, namely: value, rareness, inimitability and non-substitutability. In order to achieve this, a firm must focus on resource heterogeneity and immobility of resources. A resource is *immobile* when the ability to move it from firm to firm is quite complex, thus it is essentially harder for competing firms to gain possession of that resource. Firm heterogeneity occurs when competing firms' resources are varied; in other words, firms do not hold exactly the same resources. Therefore it is possible for a firm's resources to be advantage-creating because competing firms do not contain these resources. In general, firms cannot expect to obtain SCA when strategic resources are evenly distributed across all competing firms and are highly mobile.

Barney (1991) states a firm's resources can only be a source of CA or SCA when they are *valuable*. A firm's resources are valuable when they make it possible to for the firm to implement its strategies to improve its efficiency and effectiveness. In turn, valuable firm resources that are possessed by large numbers of competing or potentially competing firms cannot be sources of either a CA or SCA (Barney, 1991). A firm will gains a CA when it is implementing a value-creating strategy that is not being imitated by a large number of other firms. Therefore Barney (1991) states that *rare resources* are the second characteristic necessary for a CA. If a particular resource is possessed and exploited by a large number of competing firms resulting in the implementation of a common strategy, no firm will attain a CA from this particular resource (Barney, 1991).

Barney (1991) also states resources must be *imperfectly imitable*. Valuable and rare resources can only be sources of SCA if firms that do not possess those resources cannot get hold of them, thus these firms' resources are imperfectly imitable. If a firm attains valuable and rare resources because of the unique path it has taken through history, it will be able to exploit those resources by implementing value-creating strategies that cannot be duplicated by other firms. Firms that fail to hold that particular path and history cannot obtain the resources necessary to implement the strategy (Barney, 1991). Therefore the resource is imperfectly imitable.

The last requirement in order for a firm resource to be a source of SCA is *non-substitutability*, which means, there must be no strategically corresponding valuable resources that are themselves either not rare or imitable (Barney, 1991).

Figure 2.1: Barney's (1991) framework



Source: Barney (1991)

Figure 2.1 shows the relationship between resource heterogeneity, immobility, value, rareness, imperfect imitability, substitutability and SCA. This framework can be applied in analysing the potential of a broad range of a firm's resources to be sources of SCA (Barney, 1991). Furthermore, these analyses specify the theoretical conditions under which SCA might exist.

2.4.2 Grant (1991)

Grant (1991) suggests the resourced-based approach points towards four characteristics of resources and capabilities which are likely to be particularly important determinants of the sustainability of competitive advantage. These are durability, transparency, transferability and replicability.

Durability is the first characteristic perceived as being necessary in attaining a CA. He explains that in the absence of competition, the prolonged existence of a firm's competitive advantage depends upon the rate at which the underlying resources and capabilities depreciate and become obsolete. Durability of resources varies significantly owing to the escalating pace at which technology is changing (Grant, 1991). This change is shortening the useful life spans of most capital equipment and technological resources (Grant, 1991), however, brand and corporate reputation appears to depreciate quite slowly. Although the escalating environment turbulence shortens the life spans of many resources, it is possible that it may have the effect of strengthening brand and corporate reputations (Grant, 1991). Firm capabilities have the potential to be more durable than resources because a firm can uphold capabilities through replacing resources as they fatigue or advance (Grant, 1991).

Grant (1991) perceives that lack of *transparency* of CA as the second characteristic necessary for attaining a CA. Therefore he argues that a firm's ability to sustain its CA directly depends upon the speed at which other firms can imitate its strategy. If a competing firm wishes to imitate the strategy of another firm it must first establish the capabilities, which motivate the firm's CA, and then establish the resources necessary to duplicate these capabilities, Grant (1991). Thus a lack of "transparency" leads to a greater CA.

Grant (1991) states that lack of *transferability* is the third characteristic necessary to attaining a CA. He argues once the established firm or possible applicant has established the sources of the advanced performance, imitation then requires gathering the resources and capabilities essential for a competitive challenge. If competing firms can attain the resources necessary for imitating the CA of a successful rival, then the CA will be short lived (Grant, 1991). Most resources and capabilities do not transfer freely among firms, so probable competitors are not capable of obtaining the resources needed to duplicate the CA of a rival firm (Grant, 1991). Imperfections in transferability arise from several sources, such as geographical immobility, imperfect information, firm-specific resources and the lack of immobility of capabilities (Grant, 1991).

Finally, lack of *replicability* is the last characteristic perceived to be necessary for a CA (Grant, 1991). An additional initiative by which a firm can obtain a resource or capability is by internal investment. Furthermore, some resources and capabilities can be easily imitated through replication (Grant, 1991). In retail, competitive advantages such as electronic point of sale or extended hours can be copied and implemented by competitors

with ease (Grant, 1991). Complex replicable capabilities are usually based upon highly difficult organisational routines (Grant, 1991).

2.4.3 Amit and Schoemaker (1993)

Amit and Schoemaker (1993) add to this literature by providing a list of eight criteria. However, different researchers have already explained a number of these characteristics above and all are explained the same way in terms of how the characteristics can achieve a CA, therefore they will not be explained again. These characteristics are as follows: *inimitability*; also used in both Barney's (1991) and Collis and Montgomery's (1995) work. Second is the term *durability*; also used in the work of Grant (1991) and Collis and Montgomery (1995). *Limited or non-substitutability* is the third characteristic, which is used in the work of Barney (1991) and Collis and Montgomery (1995). The characteristics new to this literature noted by Amit and Schoemaker (1993) are as follows.

Scarcity is explained by Amit and Schoemaker (1993) as a major characteristic necessary to achieve a CA. They believe if a resource is scarce among competing firms it holds the potential to provide a CA. A higher level of scarcity will directly increase the chance that it will generate a CA (Amit & Schoemaker, 1993).

Appropriability is the test of who catches the value that the resource creates. Amit and Schoemaker (1993) and Collis and Montgomery (1995) argue that not all proceeds from a resource automatically flow to the company that owns the resource. They believe the value is always subject to bargaining between a host of players, including customers, distributors, suppliers and employees. Critical resources in this situation are contacts and relationships.

These resources often reside in the individuals doing the deals (Amit & Schoemaker, 1993; Collis & Montgomery, 1995). These individuals can and often move to another firm where they can reap a greater share of the profits that the resource generated (Collis & Montgomery, 1995). Resources that are not inextricably bound to the company can make profits hard to capture (Amit & Schoemaker, 1993; Collis & Montgomery, 1995).

Low tradability refers to how easily a firm's resource can be traded among rival firms. Amit and Schoemaker (1993) argue that if a firm's resource is easily traded between rival firms then this resource will not hold a CA. If this resource is low in tradability, rival firms will be unable to obtain the resource, thus this resource is scarce and can give the resource-holder an advantage over competitors.

Complementarity: A firm's strategic assets may further exhibit complementarity in their deployment or application, that is, the strategic value of each asset's relative magnitude may increase with an increase in the relative magnitude of other strategic assets (Amit & Schoemaker, 1993). When there is complementarity, the combined value of the firm's resources and capabilities may be higher than the cost of developing or deploying each asset individually (Amit & Schoemaker, 1993). Hence complementarity can lead towards a CA.

2.4.4 Collis and Montgomery (1995)

Collis and Montgomery (1995) suggest a resource must meet five tests (characteristics) to obtain a CA. Four of these characteristics have already been explained above and all academics explain the characteristics the same way in terms of how they can achieve a CA,

thus they will not be explained twice. These are inimitability and non-substitutability (Barney, 1991), appropriability (Amit & Schoemaker, 1993) and durability (Grant, 1991). The characteristic not explained above noted by Collis and Montgomery (1995), competitive superiority, is explained below.

Competitive superiority refers to firms resources that are superior than its competitors (Collis & Montgomery, 1995). Collis and Montgomery (1995) emphasise that one of the greatest mistakes that managers make when evaluating their firm's resources is that they do not assess them relative to those of their competitors. All firms can identify at least one activity that is superior to its other activities and claim that it is a core competence. Collis and Montgomery (1995) believe core competencies should not be an internal assessment of which activity the company performs best, but an external assessment of what it does better than its competitors. This gives the firm a clear understanding of how it matches up in the external environment. This evaluation has the potential to provide the firm with the relevant information needed to make decisions and draw relevant conclusions from.

The above characteristics of advantage-creating resources have revealed a large degree of overlap. In some instances researchers have used the same term or terms when identifying essential characteristics and hold the same concepts. Table 2.2 shows the large degree of overlap between the characteristics presented by the authors used in this research. This table also indicates the most frequently used characteristics. The characteristics running horizontal from the source indicate the academic's perceptions as to which characteristics are essential to SCA. These characteristics have also been matched up vertically if they double up or are different characteristics that possess the same meaning. This will be explained further below.

Table 2.2: Characteristics Essential in Sustaining a Competitive Advantage

Source	Characteristics of advantage-creating resources								
Barney, 1991	Valuable	Rare	Inimitability	Non-Substitutability					
Grant, 1991			Replicability		Transferability	Durability	Transparency		
Amit and Schoemaker, 1993		Scarcity	Inimitability	Non-Substitutability	Low Tradability	Durability		Appropriability	Complementarity
Collis and Montgomery, 1995		Competitive Superiority	Inimitability	Non-Substitutability		Durability		Appropriability	

Source: Collected from literature

Table 2.2 explicitly identifies the following distinctions, overlap and similarities. Grant (1991), Amit and Schoemaker (1993) and Collis and Montgomery (1995) state levels of *durability* as a necessary factor for attaining a CA. This is a test of how quickly the resource depreciates, thus how long it lasts will determine the competitive advantage it will create. This characteristic and the concept behind it are explained in exactly the same way by the above researchers.

Amit and Schoemaker (1993), Collis and Montgomery (1995) and Barney (1991) state that *non-substitutability* is essential for attaining a SCA. Consequently this means that there must be no strategically corresponding valuable resources that are themselves either not rare or that are imitable. This preferred term is defined in the same way by the above researchers.

Amit and Schoemaker (1993) and Collis and Montgomery (1995) state *appropriability* is essential for attaining a SCA. This is the test of who receives the value that the resource creates. They believe the value is always subject to bargaining between a host of players, including customers, distributors, suppliers and employees. Critical resources in this situation are contacts and relationships. Both researchers define this characteristic in the same way and therefore hold the same concept.

It is also evident from the research that different terms identified by the researchers contain the same meaning. For example, Barney (1991), Collis and Montgomery (1995) and Amit and Schoemaker (1993) all suggest that a resource must be *inimitable* to be a source of CA. All researchers define this term as a resource that competitors cannot get a hold of to copy and therefore use the same concept. It can also be argued that the term replicability (Grant, 1991) has the same meaning as inimitability (Amit &

Schoemaker, 1993; Barney, 1991; Collis & Montgomery, 1995). *Replicability* refers to the ease or complexity with which resources are copied by rival firms, thus holding the same concept as inimitability.

Barney (1991) states that resources need to be *rare* to lead to a CA. Strategy that is not being imitated by a large number of other firms can be a source of SCA. Following this, Amit and Schoemaker (1993) explain *scarcity* as a major characteristic necessary to achieve a CA. They believe if a resource is scarce among competing firms it holds the potential to attain a CA. Finally, *competitive superiority* has been defined as an external evaluation of how a firm's resources compare to those of competing firms or an external assessment of what it does better than its competitors. The main concept here is difference, which can relate to scarcity or rareness. Thus these characteristics can be seen to hold the same idea.

There is no select group of characteristics in the literature that researchers agree on as essential to a SCA. However, the characteristics that appear most in the literature are rareness, inimitability, non-substitutability and durability. Although the above characteristics are predominant in the literature, it does not mean that these are the essential characteristics involved in attaining a SCA. Barney is the only researcher to argue that a resource must be valuable to lead to a SCA. It was noted by Fahy (2000) that value to customers is an essential element of CA. Therefore it can be argued that for a resource to be a potential source of CA, it must be valuable or enable the creation of value. If a resource holds no value at all, then it can be argued that it holds little significance towards attaining a CA. Barney explains that although resources may meet other conditions, if they do not enable the creation of value, they are not a potential source of advantage.

In summary, the above literature has exposed a further problem of nomenclature hampering the development of the RBV. Essential characteristics leading towards a SCA have been identified by various researchers, which have revealed a range of distinctions as well as a degree of overlap and similarities. A number of characteristics have appeared in the literature more than once, and some characteristics have a clear distinction but hold the same concept. Furthermore, characteristics that are seen to be imperative to some researchers for CA are not seen as important to others, but hold great significance for SCA. However, the characteristics that appear most in the literature are rareness, inimitability, non-substitutability and durability. Although the above characteristics are predominant in the literature, there is no empirical evidence to suggest that this list is more significant than other characteristics or that they are the necessities that lead towards SCA. Furthermore, there is a strong argument raised by Barney that a resource needs to be valuable or hold the potential to create value in order to contribute to CA. If a resource is not valuable or cannot enable the creation of value it is then perceived to contribute little towards CA.

Furthermore, it is suggested that tangible resources are not sources of SCA because they are explicit and hence easily duplicated. In turn, intangible resources are invisible, less observable and are complicated to understand, thus resulting in a greater likelihood of being an important source of SCA.

2.5 Summary

Chapter 2 has identified that the RBV is a popular conceptualisation in explaining CA at the level of the firm. One of the earliest acknowledgements towards the importance of firm-specific resources dates back to the 1930s where Chamberlin (1933) and Robinson

(1933) identified firm heterogeneity. RBV and firm heterogeneity was then further developed at a later date by researchers such Penrose, Wernerfelt and Barney. RBV was also developed into areas of IO where Conner (1991) assessed the contribution of RBV to major streams of antecedent theory related to IO economics and believes the resource-based approach is reaching for a new theory of the firm. The RBV theory was first established by Wernerfelt (1984) and has developed into a major theory at the heart of strategic management. The past two decades have resulted in an abundance of literature about the types of advantage-creating resources and the essential characteristics in sustaining a CA. This has resulted in researchers suggesting that intangible resources are closer to SCA because they are complicated to understand and are potentially harder to copy than tangible resources. Furthermore, various researchers have identified characteristics considered necessary in sustaining a CA, and although there is a list four characteristics that appear most in the literature the nomenclature has evolved to a degree.

CHAPTER 3

LITERATURE REVIEW 2

3.1 Introduction

Escalating competition in a globalised economy has influenced the identification of the drivers of sustainable competitive advantages (Schwaiger, 2004). The extensive search for these drivers has encompassed tangible resources, but also a large interest has been placed on the direct significance intangible resources have towards SCA (Amis, 2003; Barney, 1991; Fahy, 2000; Hall, 1992, 1993). Both brand image and brand reputation hold immense significance in the field of intangible resources and have developed over time into two of the most essential and recognised organisational assets (Amis, 2003). Both brand image and brand reputation can be identified as closely-related resources, which is important because the two resources are seen to be more valuable when they complement or magnify the effects of one another (Amit & Schoemaker, 1993). However, they are both still different, and within the literature there is still some confusion about these terms; how they relate to each other, how they differ, and how they overlap. Thus this chapter will aim to clear up the degree of classification confusion by defining the two resources and identifying their importance in the world of intangible resources, starting with brand image and followed by brand reputation. Lastly this chapter will conclude with an interim proposition that anticipates how the two resources relate and influence each other towards attaining a SCA.

3.2 Brand Image

The image of an organisation is an important tool that holds the potential to portray and expose the organisation in a competitive manner. Today, it is vital that the image of an

organisation is given high priority and significant consideration is directed at how it is to be portrayed. Therefore this section will start with defining brand image and will then discuss its formation and how it can be manipulated.

It is important to understand that the term “image” is currently used in a variety of contexts, such as store image, public image, brand image, corporate image, user image, self-image and national image (Dowling, 1986). Because of the variety of image types, a degree of perplexity has evolved regarding the distinction between the types of image. Aaker and Myers (1982) clarify this confusion by suggesting image is a set of meanings by which an object is known and through which people describe, remember and relate to it. That is, it is the net result of the interaction of a person’s beliefs, ideas, feelings and impressions about an object. The word “image” on its own is quite vast, therefore this definition is better understood, modified or narrowed down by substituting the word “object” for company, brand or product (Dowling, 1986) thus attaining the definition for the type of image been investigated.

Within the twentieth century there has been a large accumulation of different brand image definitions, some exhaustive and some non-exhaustive (Faircloth, 1996). Gardner and Levy (1955) describe brand image as a character or personality that may be more important for the overall status (and sales) of the brand than many technical facts about the product. This definition convincingly recognises the general substance of the construct and the impact it exerts on consumer behaviour. Following are brand image definitions by various researchers, which can be described as being somewhat non-exhaustive or exhaustive.

Table 3.1: Brand Image Definitions

Academic	Definition
Keller (1993, p. 3)	A brand image consists of “the perceptions about a brand as reflected by the brand associations held in a consumer’s memory”.
Park, Jaworski and MacInnis (1986, p. 135)	Define brand image as “not simply a perceptual phenomenon affected by the firm’s communication activities alone”.
Roth (1992, p. 25)	States “a brand image can be defined as the meaning consumers associate with the product”.
Dichter (1985, p. 75)	Explains that “an image is not anchored in just objective data and details. It is the configuration of the whole field of the object, the advertising, and most important, the consumer’s disposition and attitudinal screen through which he observes”.
Onkvisit and Shaw (1987, p. 15)	“An image is the total set of attitudes, the halo of psychological meanings, the associations of feeling, the indelibly written aesthetic messages over and above bare physical qualities”.

Although some of the above definitions are not quite thorough, they all hold value towards understanding brand image and identify some valuable traits of brand image. From these definitions several evident trends evolve. Firstly, all definitions are implicitly or explicitly based upon consumer perspective. Secondly, it is suggested in more than two definitions that brand image is reflected by brand associations. It is important to understand that brand image can be influenced by more than just the brand itself and it is the mental picture of the brand held by the consumers/public that determines this image. Thus, the above definitions of image can be identified as explaining a facet of brand image. However, the definition that this thesis uses is Keller’s (1993, p. 3); a brand image consists of “the perceptions about a brand as reflected by the brand associations held in consumers’ memory”. This definition will be used in this research because it covers the two most common trends in the above definitions, the fact that images are created by various brand associations and that it is the perceptions held in the consumer’s memory. Furthermore, Keller’s definition offers no time dimension to image. Images are what consumers think about a brand that pop

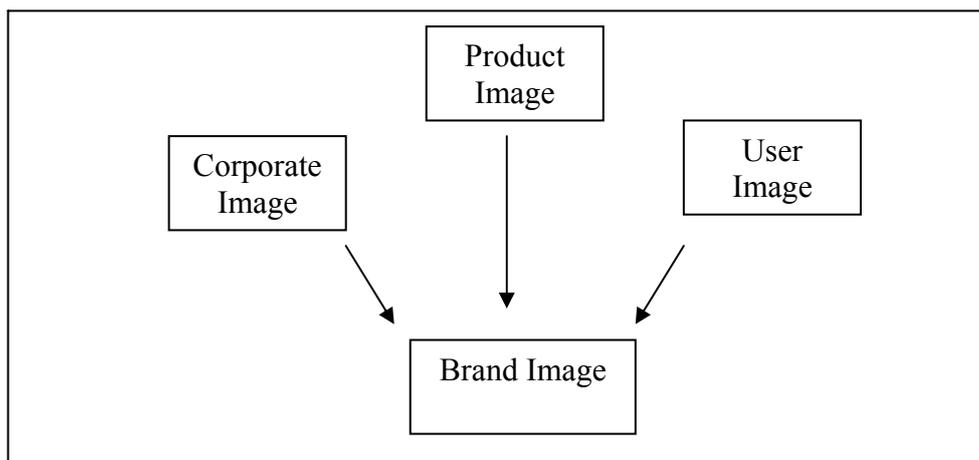
into their head, developed by various associations. An image can be described as an immediate thought that is instant and is created by one's perception of a certain situation.

Brand image has been noted to be a theoretical antecedent to consumer behaviour and represents the totality of all the brand's marketing activities (Faircloth, 1996). Thus, brand image is a critical variable in the firm's efforts to successfully market its products or services (Coulter & Zaltman, 1994). The ability to position a positive brand in the consumer's mind with a desired image lies at the very heart of successful marketing strategy (Ries & Trout, 1986). If a firm does not possess and deploy a positive image, it is unlikely the firm can create consumer purchase intentions or behaviour (Hunt & Keaveney, 1994; Kotler, 1994) and is likely to doom the brand's prospects. Thus failure to achieve a positive brand image bodes poorly for a brand's future (Faircloth, 1996). Tauber (1988) believes that marketers rarely appreciate or even understand the difference between what they think the brand means to consumers and what consumers actually think. Therefore some marketers neglect brand image and the direct importance it holds for the direction and benefits of a firm. Furthermore, the creation of clear and distinct brand images has permitted marketing strategies such as the continued proliferation of extending brands into new product categories (Aaker & Keller, 1990; Roth, 1992) and the creation of defensible market positions of brands versus private labels (Bellizzi, Krueckeberg, Hamilton, & Martin, 1981). The creation of a brand's image is not just critical to the short-term success of a firm and product/service, but it also has long-term implications (Milewicz & Herbig, 1994).

The definitions of brand image from various researchers have been stated and critiqued above, establishing that brand image is influenced by more than just the brand itself and

that it is the mental picture of the brand held by consumers and the public that determines this image. Therefore, brand image is to some extent cognitive and is the result of an elaborate associative memory network. Brand image is said to consist of various sub-images and/or associations that develop and contribute to the image of the brand (Engel, Blackwell, & Miniard, 1993; Keller, 1993). Thus researchers have proposed specific categories of components or associations that make up brand image. Biel (1992) suggests the image of a brand consists of three contributing sub-images; namely, the image of the provider of the product/service or corporate image, the image of the user, and the image of the product/service itself (See Figure 3.1 below).

Figure 3.1: Brand Image Influenced by Product, Corporate and User Image



Source: Biel (1992, p. 3).

The above figure identifies that brand image is influenced by the image of the product, the image of the user and the corporate image.

Engel (1993) suggests that brand image has three dimensions; namely, physical attributes, attribute consequences, and brand personality. Roth (1994) describes image as consisting of product features/benefits and usage occasions. A further list of

components by Peter and Olsen (1993) that can be identified as being more comprehensive includes beliefs/cognitions, consequences of use, consumption situations, and affective reactions and attitudes. Sirgy (1982) contends associations based on product physical characteristics, marketing mix programmes and stereotypical users combine to create brand images. Furthermore, media is believed to be a major factor that assists in the formation of brand image (Fombrun & Shanley, 1990; Global Exchange, 2006) and also sponsorship, which is linked closely as an association (Amis, Pant, & Slack, 1997; McDonald, 1991; Meenaghan, 1991).

The literature of brand associations is further developed by both Aaker (1991) and Keller (1993). Aaker (1991) defines brand associations as anything linked in memory to a brand. Keller (1993) states brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. Brand associations take different forms (Keller, 1993). Distinguishing among brand associations is done by their level of abstraction, that is, by how much information is summarised or subsumed in the association (Keller, 1993).

The success of marketing a brand image is reflected in the formation of favourable brand associations. This consists of consumers perceptions that a brand has attributes and benefits that satisfy their wants and needs such that a positive overall brand attitude is formed (Keller, 1993).

Association can be distinguished also by the strength of connection to the brand node. The strength of associations depends on how the information enters consumer memory and how it is maintained as part of the brand image. The strength of the brand associations can be explained on the basis of how much the consumer thinks about the

brand and the quality of the thoughts (Aaker, 1991). For example, are consumers' perceptions of the brand continuously positive and is information regularly thought of, or is it negative by nature and not a subject of thought? Therefore, consumers' perceptions can determine the strength of brand associations. When a consumer actively thinks about and elaborates on the significance of product or service information, stronger associations will be created in memory which link to a stronger ability to recall that information (Aaker, 1991; Keller, 1993). The importance of this is it increases the likelihood of consumers recalling that information when purchasing a product or service in the firm's field. Furthermore, the particular associations for a brand that is salient come to mind depending on the context in which the brand is considered (Keller, 1993). The stronger the associations and the higher number of cues linked to a piece of information the greater the chance of that information being recalled (Keller, 1993). Brand associations are unique because they provide organisations with the chance to associate the brand with the intention to create the image they want consumers to perceive. The firm can also potentially align the image with associations that will potentially enhance or develop their brand (Aaker, 1991).

With reference to the above literature it is evident that the components that constitute and manipulate brand image are varied and cover a wide range of consumer perceptions, experiences and knowledge. However, the degree to which components can manipulate brand image is not stated and which components are believed to be more important than others is somewhat indistinct. Furthermore, the level of manipulation is also quite indistinguishable. Although there are clear inconsistencies, it is well-recognised and established that brand image is influenced by various components that cover a range of consumer traits. Within the above literature it is evident that brand image is influenced by more than just the brand itself, and it is the mental picture of the company held by

consumers and the public that determines this image, and this mental picture covers a wide range of perceptions, experiences and knowledge.

Sports-orientated organisations are becoming more and more preoccupied with their image and it is recognised that image has the power to influence the behaviour of all of those involved in a sporting organisation (Ferrand & Pages, 1999). Aligning a slogan with a brand has proven to be quite effective and adds to the image of the brand. Empirical research by Ferrand and Pages (1999) on marketing a brand with a slogan suggests that it gives the brand image a stronger purpose and holds the potential to positively influence consumers if the slogan is a fit with the brand image. Powerful slogans associated with strong brands have proven to have a significant influence on the brand's image. Slogans such as Nike's "Just do it" and Adidas's "Forever sport" portray an image that not only appeals to the market but expresses the image they want the brand to possess. "Forever sport" portrays an image of loyalty and commitment to sport, thus attaching that same image to their brand.

A slogan or term linked with a symbol has proven to be influential in the memory of the consumer (Gwinner & Eaton, 1999) and can be identified as an association with the brand. Because brand image is based upon the linkages a consumer holds in his/her memory structure regarding the brand, a powerful slogan can have a significant effect (Gwinner & Eaton, 1999).

In summary, images develop from various associations and from a variety of contexts. The brand image is the mental picture of the brand held by consumers and the public, influenced by these associations. It is also evident that there are many components that constitute and/or manipulate brand image; namely, corporate image, user image and

product image (Biel, 1992); associations (Engel et al., 1993; Keller, 1993; Sirgy, 1982) that cover anything that is associated with the brand; consumer perceptions (Peter & Olsen, 1993; Roth, 1994) that cover consumer experiences and knowledge as well; media (Fombrun & Shanley, 1990; Global Exchange, 2006); and sponsorship (Amis et al., 1997; McDonald, 1991; Meenaghan, 1991). Because a brand is a name, term, sign or symbol (Kotler, 1997), brand image is the mental picture of the company held by consumers and the public when they think of the firm's name, term, sign or symbol.

3.3 Brand Reputation

Brand reputation evolves over time and is affected by the perceived excellence and quality consumers and the general public hold towards a particular organisation. The following definitions give an explanation of brand reputation from various different academics as to how they perceive brand reputation. They are organised in chronological order.

Table 3.2: Brand Reputation Definitions

Academic	Definitions
Spence (1974, p.107)	Interprets reputation as “outcome of a process in which firms signal their key characteristics to constitute to maximise their social status”.
Weigelt and Camerer (1988, p. 1)	State that reputation is a set of attributes ascribed to a firm, inferred from the firm's past actions.
Herbig and Milewicz (1993, p. 1)	Suggest that “reputation is the estimation of the consistency over time of an attribute of an entity”.
Fombrun (1996, p. 59)	Suggests that “reputation embodies the general estimation in which a company is held by employees, customers, suppliers, distributors, competitors and the public”.
Amis (2003, p. 191)	States “reputation refers to the more general emotional response that an individual has towards an organisation as a consequence over a longer period of time”.

Brand reputation encompasses the values held by internal and external personnel towards a firm. It is also important to understand that brand reputation is developed over a long period of time, which is identified in the majority of the definitions in Table 3.2 above, and if these values are consistently positive the reputation will also be positive (Herbig & Milewicz, 1993). Also prevalent in the above definitions is the fact that reputation is the values and beliefs held by an individual/consumer towards a particular firm. Brand reputation is also established by the flow of information from one user to another, therefore the beliefs that are held about an organisation are imperative to the firm's reputation. Thus, the above definitions all contribute to and explain a facet of brand reputation.

The definition of brand reputation that will be used in this research is "reputation refers to the more general emotional response that an individual has towards an organisation as a consequence of its actions over a longer period of time" (Amis 2003, p 191). This definition will be used because it covers the two most common trends in the above definitions: that reputation is developed over time, and it is an individual's response towards an organisation.

The importance of brand reputation as an intangible resource stems, in large part, from the immense amount of choice that is available for almost any product or service and the limited amount of time or experience that consumers possess (Amis, 2003). Therefore being able to rely on a positive brand reputation to aid decision-making is a strong point and can be identified as a major asset. This comes about when individuals hold strong favourable and unique associations about the corporate brand in memory (Keller, 1993). However, this is usually developed over years of exposed superior competence (Hall, 1993). When customers get what they expect from an organisation,

product or service time and time again the brand reputation is strengthened (Argenti & Druckenmiller, 2004), thus, consistency is seen as a powerful tool within brand reputation (Amis, 2003; Hall, 1992). However, a firm will lose its brand reputation if it continually fails to execute its stated intentions (Milewicz & Herbig, 1994). Possessing a positive brand reputation also ensures high-quality firms will grow and have more customers because fewer customers will depart from high-quality firms and more will arrive actively from word of mouth from other customers (Rogerson, 1983). Firms compete for brand reputation knowing that the firm with the strongest reputation will likely be able to charge premium prices, attract better applicants, have lower marketing costs, retain employees, enhance access to capital markets, and attract investors (Fombrun, 1996; Fombrun & Shanley, 1990).

Critical to the concept of brand reputation is credibility (Herbig & Milewicz, 1993; Milewicz & Herbig, 1994). Credibility is the believability of an entity's intentions at a particular moment in time and the trustworthiness or the degree of confidence in the source actually carrying out its intentions (Milewicz & Herbig, 1994). Ultimately, credibility is whether the firm can be relied on to carry out its intentions. To achieve credibility for high quality, a company must first develop a reputation for producing and delivering quality products. Depending on the outcome and consistency of its intentions, credibility will help develop and mould a brand reputation for that particular firm. Further, it is suggested that reputation is built over time with repeated consistency (Amis, 2003).

Although the concepts from Herbig and Milewicz (1993) and Milewicz and Herbig (1994) are correct in identifying the importance of consistency in firms completing a stated task, they do not mention that there are other factors that contribute to creating a

positive brand reputation. Sponsorship is identified as one of the most important methods to enhance or change brand image and develop brand reputation (Amis, 2003; Gwinner & Eaton, 1999; Musante, Milne, & McDonald, 1991). The consistent production of quality product will also assist in moulding a positive reputation (Amis, 2003). Furthermore, Fombrun and Shanley (1990) empirically tested factors that assist in reputation-building, with media exposure and media reports proven to be one of the most influential factors in shaping a reputation and image.

The value of a firm's overall brand reputation is easily seen in its relationship to a firm's revenues — when a firm's reputation increases so does its sales. For a brand to become successful the firm must have developed a positive reputation, thus a firm with a good overall reputation owns a valuable asset (Milewicz & Herbig, 1994). Fombrun and Shanley (1990) state that well-reputed firms have a CA within their industries, but poor-reputed firms are disadvantaged. If a firm wants to expand its product line, a well-known brand name can be valuable in facilitating user acceptance of the new product because of its existing brand reputation (Herbig & Milewicz, 1993). However, reputation is fragile and can be easily lost. Once a reputation is lost it takes seven to ten times the effort to restore the reputation (Herbig & Milewicz, 1993). Therefore reputation requires careful management and diligence.

In summary, the above literature illustrates that brand reputation is imperative to all firms and is assisted in development by consistency over a long period of time. Brand reputation is viewed as an essential intangible resource and holds the potential to sustain a CA if it holds the necessary characteristics. Owing to the importance that reputation has for a CA and to a firm, it is imperative that this resource development is maintained and managed with supreme diligence. Reputation refers to the more general emotional

response that an individual has towards an organisation as a consequence of its actions over a period of time (Amis, 2003). Brand reputation is suggested to be developed through various operations: Herbig and Milewicz (1993; 1994) suggest that firm consistency will mould a positive brand reputation, and Amis (2003) states that the consistent production of quality product will assist in shaping a positive reputation. Furthermore, Fombrun and Shanley (1990) empirically tested factors that assist in reputation building; media exposure and media reports proved to be one of the most influential factors in shaping a reputation.

3.4 Interim proposition

The literature states that there are many components that constitute and/or manipulate brand image; namely, corporate image, user image and product image (Biel, 1992), associations (Engel et al., 1993; Keller, 1993; Sirgy, 1982), consumer perceptions (Peter & Olsen, 1993; Roth, 1994), media (Fombrun & Shanley, 1990; Global Exchange, 2006), and sponsorship (Amis et al., 1997; McDonald, 1991; Meenaghan, 1991). It is possible that these components create images that influence the overall image of the brand. Brand image is what consumers think about a brand, and a brand image can be described as an immediate thought that is instantly created by one's perception of certain situations or the image created by various components or associations that influence brand image.

Brand reputation is said to be developed over time (Amis, 2003; Herbig & Milewicz, 1993) and the definitions of brand image offer no time dimension. Because consistency is identified as a component in developing brand reputation (Amis, 2003; Hall, 1992) it

can be suggested that a consistent brand image can have a big influence in developing a brand reputation.

The literature states that brand image and brand reputation are closely-related resources, and a significant characteristic of the two is their firm specificity (Amit & Schoemaker, 1993). These two intangible resources are fixed to a firm and cannot be traded for, other than trading for the firm as a whole. Therefore it can be suggested that a positive brand image and brand reputation can play an influential role in developing a SCA. In addition, the characteristics of SCA that appear most in the literature are rareness, inimitability, non-substitutability and durability, thus it can be suggested that if brand image or brand reputation possess these characteristics they will potentially lead towards a SCA.

3.5 Summary

Chapter 2 identified the importance brand image and brand reputation has in the world of intangible resources. Definitions of the resources by various researchers were then presented in two different tables, which illustrated significant trends. From here the definitions that best suited this research were selected and presented, with reasons why these definitions were suited to this research. This chapter has also illustrated the range of components, associations and contexts that influence and develop brand image and brand reputation. Finally, this chapter has concluded with an interim proposition.

PART 2: METHODS

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

The purpose of the research was to identify the influence of brand image and brand reputation towards achieving SCA in the sports apparel industry and to develop a model to further explain this association. Thus the main focus of this research was to develop theory. Qualitative methods are generally considered the more appropriate means of theory and model development, therefore this research used a qualitative approach (Taylor & Bogdan, 1998). To this effect, it was felt that comparative case studies between three similar firms operating in the same industry, in this case the sports apparel industry, would provide a basis for developing this theory and creating a model. These brands were Adidas, Puma and Canterbury. The sports apparel industry was chosen because this industry consists of well-recognised and established strong brands that are involved in a variety of operations which impact on the way consumers perceive the brand and its development. Data collection was performed in three different methods supporting a triangulation data collection method. Data that were presented in the case studies were in the form of interviews and a collection of secondary data. To complete the triangulation, two focus groups were conducted to verify findings from the interviews from a different perspective and to eliminate bias from the firms themselves. Following is a discussion of how and why these methods were used, starting with qualitative research; an explanation of how data were analysed; the importance of validity and reliability and how this research ensured data were valid and reliable; and how ethical considerations were managed.

4.2 Qualitative Research

Research is the process of finding solutions to a problem after a thorough study and analysis of the situational factors (Sekaran, 2003) and, as explained, there are two types of research, namely quantitative and qualitative. Qualitative research has the ability to gain a more in-depth understanding of the topic being explored (Langford & McDonagh, 2003), and it helps to build new theory where little exists (Taylor & Bogdan, 1998). Thus, on the basis that this research aimed to understand the influence of brand image and brand reputation towards achieving a SCA in the sports apparel industry, and the dominance of conceptual research within the RBV literature, a qualitative research design best suited this research project. This section will discuss why and how a qualitative approach was beneficial to this research.

Because of the research focus, this research endeavoured to build theory in this industry. Firstly, because this is a new concept, building theory in this setting aims to be beneficial to this field, and a qualitative approach that aims to develop concepts and insights, and understand patterns in the data (Taylor & Bogdan, 1998), best suited the initiative behind this research. Secondly, it is evident that most studies in the area have not progressed beyond already developed theory. Therefore the examination of various concepts and different frameworks within well-established firms were once again addressed using a qualitative approach.

A central principle of qualitative research is to keep an open mind while fostering a new line of research (Allan, 1991). Fundamentally, a qualitative approach provided the opportunity to address the how and why questions relating to the phenomena under investigation (Allan, 1991), which established rich and thick data and a greater depth of

analysis (Denzin, 1970) resulting in a greater depth of understanding towards the research initiative. This approach allowed the researcher to collect prosperous data and gain a broad description and a suitable depth of analysis (Denzin, 1970) towards understanding the RBV and the influence of brand image and brand reputation towards achieving a SCA in the sports industry.

Reviewing the literature and evaluating the researchers' frameworks triggered various concepts and a positive direction for research. The influence of brand image and brand reputation on SCA in the sports apparel industry is somewhat scarce in the literature, so this concept seemed to head towards theory development. Owing to the concepts behind the direction of this research, a qualitative approach was best suited, as it provided a thick description and an appropriate depth of analysis for developing concepts, insights, and understanding patterns in the data (Taylor & Bogdan, 1998).

4.3 Deductive Versus Inductive Research

The issue around deductive versus inductive research centres around the research process and where that process begins (Blakie, 1995). Answers to issues can be found either by the process of deduction or induction, or by a combination of the two (Sekaran, 2003). *Deduction* is the process by which we arrive at a reasoned conclusion by logical generalisation of a known fact. *Induction* on the other hand is a process where certain phenomena are observed and on this basis conclusions are arrived at (Sekaran, 2003). This research used both a deductive and inductive approach. This section will explain how the two were utilised.

Based on a review of the literature in the field of strategic management, particularly RBV and brand marketing, various concepts were initiated and developed in regard to CA and SCA. These concepts involved intangible resources and essential characteristics that lead towards CA; from here, preliminary conclusions were formed based on a review of theory prior to any formal data collection.

Further deductive analysis was carried out from the critical analysis of various researchers' frameworks in regards to RBV and CA (see Table 2.1 and Table 2.2). This analysis identified a clear degree of overlap within types of resources and essential characteristics found in sustaining a CA. Furthermore, the predominant characteristics illustrated as essential in a SCA were identified and clearly presented in Table 2.2. Thus deductive reasoning was incorporated within this research through a combination of analysis, critique and interpretation, from both theory and practice, which also developed new concepts with a direction of research.

In a latter stage of this research, however, an inductive approach was introduced through the use of interviews, two focus groups and a collection of secondary data. This approach was introduced not only to support the preliminary analysis and critique the established frameworks, but also to identify and uncover specific concepts that evolved from the preliminary analysis. Thus, of the processes undertaken in this research, one was aimed at analysis of established theory and the development of concepts and findings while the other focused on examination of those findings to uncover and reveal various concepts that could potentially lead towards theory and model development.

4.4 Case Study Selection

The three case studies that were formed in this research were with Adidas, Puma and Canterbury. Case studies were used because they involved in-depth contextual analysis of similar situations between firms, where the nature and definition of the problem happened to be the same as experienced in the current situation, and allowed the researcher to go in deep to explore and get thick description (Sekaran, 2003). In addition, Gersick (1988) stated that case studies can be used to establish theory generation, and Eisenhardt (1989) noted that case study analysis provides a firm grounding for emerging constructs and theory, thus supporting the notion of using case studies in this research. This research used the three sports brands, Adidas, Puma and Canterbury because they hold the qualities of a strong brand and are recognised as being well-established. Aaker (1997) and Nandan (2005) suggested that a well-recognised and established brand will attain various consumer perceptions, thus it was essential to this research that brands of this calibre were used.

This research initiative developed three cases studies because multiple case studies provide a purposive sample and the potential for findings to be generalised to other settings (Miles & Hurberman, 1994; Patton, 1990) and increases the scope of the investigation and the degrees of freedom (Eisenhardt, 1989; Parkhe, 1993; Patton, 1990). Multiple cases studies provide a more rigorous and complete approach than single case study designs because of the increased ability to triangulate evidence.

Yin (1993) explains that multiple case studies should follow a replication logic, not a sample logic, meaning that two or more case studies should be used in the same study for the purpose of identifying similar results. If such replications are indeed found for several cases, there will be more confidence in the overall results. Furthermore, the development of consistent findings over multiple case studies can then be considered a

very robust finding (Yin, 1993). Thus, essential to this research and the importance of replication logic, the three firms utilised as case studies were all from the same industry, the sports apparel industry. Furthermore, the three sports brands are known world-wide and are all competitors in the same industry.

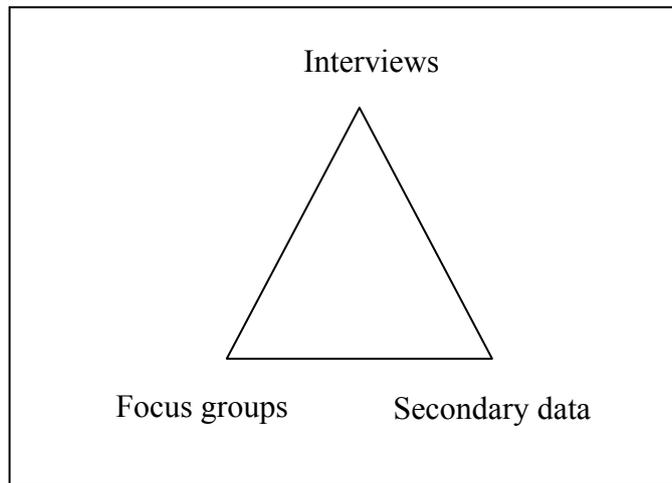
4.5 Case Study Analysis

Case studies examine a single phenomenon in order to explain and understand the phenomenon and its environmental context in depth, thus obtaining a more thorough or rounded understanding (Birley & Moreland, 1998). Further benefits which have been recognised within case study research include the attention afforded to subtleties and complexities within a single case (Stake, 1995), and the presentation of data in a manner which allows individual readers to make their own assessments on the findings and implications of the study (Adelman, Jenkins, & Kemmis, 1984), and they capture the unity or wholeness of the event being studied (Mitchell, 1983). The three case studies in this research provided the opportunity not only to conduct within-case analysis but cross-case analysis also. Within-case analysis allowed unique patterns to emerge from each case before these patterns were generalised across cases, which gave the researcher familiarity with each case accelerating cross-case analysis (Eisenhardt, 1989). Cross-case analysis improved the likelihood of accurate and reliable theory, which effectively strengthened theory development (Eisenhardt, 1989). Furthermore, because the RBV is quite prevalent within the strategic management literature it also provided the opportunity to build, critique and utilise findings from various research. This section will explain the case study analysis and triangulation methods used in this research.

Typically, theory-building researchers combine multiple data collection methods and, although interviews, observation and archival sources are predominant methods of triangulation, inductive researchers are not confined to these choices (Eisenhardt, 1989). The use of multiple methods provides the opportunity for a more complete understanding of the data (Eisenhardt, 1989), thus this study encompassed three methods of data collection: a review of secondary data, interviews with the three firms, and two focus groups to verify findings from the interviews from a different perspective. Thus this data collection design can be identified as a triangulated design (Patton, 2002). Triangulation strengthens a study by combining methods (Patton, 2002) and was initially regarded as a strategy to overcome validity and bias problems (Arksey & Knight, 1999). Triangulation simply allows the researcher to collect data on the same situation and the results are then compared (Easterby-Smith, Thorpe, & Lowe, 2002). The clear strength of a triangulation data collection design is that it provides the opportunity for researchers to examine the same situation and to compare, develop and refine themes using insights gained for different perspectives (Easterby-Smith et al., 2002).

Figure 4.1 illustrates the triangulation process within this research, with interviews at the apex of this as it is the main method of data collection. The focus groups and secondary data are shown at the base angles as additional sources of data collection.

Figure 4.1: Triangulation of Data



Using multiple methods allows inquiry into the research question with an arsenal of methods that have non-overlapping weaknesses in addition to their complementary strengths (Brewer & Hunter, 1989). Triangulation is particularly valuable in case study research, providing the opportunity to cross-check or verify data and findings from different sources and methods of research (Cohen, Manion, & Morrison, 2000).

4.6 Data Collection

Data collection methods are an integral part of the research design and can be obtained from both primary and secondary sources. This research utilised both types with the primary sources of data collection were interviews and focus groups; secondary was the collection of secondary data. This section will explain the data collection methods utilised in this research starting with interviews.

4.6.1 Interviews

The intention of conducting interviews is to explore stories, knowledge and perspectives from a person's mind (Arksey & Knight, 1999). Three interviews were used in this research because it allowed the researcher to collect data first-hand. Interviews allowed free-flow of information, and openness of the social context was able to be achieved with face-to-face interviews.

The interviews in this research supported a semi-structure design because it allowed the interviewer to freely explore, probe and ask questions to elucidate and illuminate the particular subject (Coleman & Briggs, 2002; Patton, 2002). Furthermore, this design allowed the interviewer to remain free to build a conversation within a particular subject area, to use words spontaneously, to follow leads and to establish a conversation style with the focus on a particular subject that was predetermined (Patton, 2002).

With the case studies established it was a matter of identifying the appropriate personnel within the firms to conduct the interviews with. Because this research aimed to develop theory, it was imperative that participant selection was done with diligence to ensure quality data collection.

Because the primary purpose of the interviews was to evaluate the firms' brand image and brand reputation and the importance they placed on these resources, it was of the utmost importance that the interviewees were significantly knowledgeable about the brand strategies of their firm. Therefore the marketing managers in all firms were targeted for interviews because they have the experience and knowledge in the area to be researched. Once the three cases were chosen, a letter of invitation to participate in

this research was sent to the marketing director of each of the three firms. This was followed up by an email consisting of additional information regarding the direction and aim of the research, confidentiality issues and what was required of the participants if they decided to participate. Marketing managers from the three firms agreed to the interviews.

Drucker (1984) suggested that although studying activities and opportunities in significant depth, it is believed that researching only three firms limits the scope of a study. Therefore, because of the limited number of case studies conducted, replication of consistency of results is arguably strengthened by selecting case study participants with similar attributes (Yin, 1993), ie, marketing managers.

The interviews were developed based on the literature review and the direction of this research. The interviews were based around five major themes, which are stated below (to view a full copy of the interview questions see Appendix B).

- Introduction
- Market position
- Strengths
- Brand development questions
- Global

Each interview started with the researcher asking if the interview could be tape recorded and a brief introduction of its aim and direction. All interviews were transcribed by the researcher before the next interview.

Before the interviews were conducted with the marketing managers of the firms, the interview questions were conducted in a trial test. The interviews were tested with two post-graduate marketing students from Auckland University of Technology (AUT).

This gave the researcher a sense of how the questions were going to be interpreted and if the answers were significant in achieving research objectives. Following the trial tests necessary changes were made and then the questions were tested again with the researcher's supervisor.

A single interview was conducted with the marketing managers of the three firms and used in the case studies for this research. The duration of the interviews was between 40–60 minutes, which not only provided sufficient data but allowed the interviewer to deviate from the questions asked to follow up on leads provided by the interviewees on particular subjects. The semi-structured design was beneficial because it allowed the interviewer to create discussion with the interviewees in areas that need to be discussed to achieve research objectives.

4.6.2 Focus groups

Two focus groups were conducted to further explore the association between brand image and reputation. The two focus groups were a means of verifying the findings from the interviews and attained a different perspective of the researched firms' brand image and brand reputation. An independent, external perspective was not and could not have been attained from the interviews with the employees of the researched firms. Thus, the focus group method verified interview findings and gave this research an insight as to how the firms' brand images and brand reputations were perceived from a consumer's perspective.

This research conducted two focus groups with sports marketing undergraduate students. The focus groups were essential because they presented a variety of different

perspectives with the opportunity to deviate from the questions and explore the answers given. Because this research aimed to develop theory in a particular setting, focus groups were used to provide a number of different perspectives on the same topic in the participants' own words. Furthermore, because this method encouraged discussion within the groups, the interactions among participants enhanced data quality (Patton, 2002). The discussions were guided and facilitated by the researcher and the group-based nature of the discussions enabled the participants to build on the responses and ideas of others, thus increasing the richness of the information gained (Langford & McDonagh, 2003).

Within focus group research, it is a common rule that “focus groups should not be used on topics which are unfamiliar to the participants, which do not encourage different perspectives, and which may hinder free flowing talk and interaction” (Litosseliti, 2003, p. 20). Furthermore, focus groups will not be appropriate if there is a disparity between the researcher's topics and the participant's ability to discuss these topics (Litosseliti, 2003; Puchta & Potter, 2004). Therefore, AUT third-year Bachelor of Sport and Recreation (BSR) undergraduate students from the sport marketing paper were approached to participate in this initiative because they have a background in sport and the knowledge to talk about the research topic.

These students were initially approached with a letter, handed out at one of their lectures, which was an invitation to participate. The letter consisted of information about the thesis and its topic, the focal point, and information about the focus groups, confidentiality issues and students' and supervisors' details. This letter was supported by a further invitation to participate a week later when the researcher addressed the students in their lecture, informing them of the focus group intentions and what would

be expected of them as participants if they chose to participate. Adequate numbers for both focus groups were generated from the letter and the verbal invitation to go ahead with the intentions of this research method.

Typically there are between five and ten participants in focus groups (Langford & McDonagh, 2003), but the size can range from as few as four to as many as 12 depending on the research purposes (Puchta & Potter, 2004). Larger focus groups are better suited for brainstorming (Litosseliti, 2003) whereas smaller groups are more appropriate if the intention is to explore complex, controversial, emotional, opinionated topics or to encourage discussion (Litosseliti, 2003; Puchta & Potter, 2004) and offer a greater opportunity for people to talk (Morgan, 1997). Because the direct intention of the two focus groups was to create discussion, two smaller groups of six were selected to perform the focus groups, which were conducted at AUT.

The questions in the focus groups were semi-structured because they allowed the group and the moderator to deviate from the questions being asked in the event of an important issue or topic of interest arising. Focus groups provide better results when the researcher allows the group to flow with their concepts and perceptions (Greenbaum, 1998; Langford & McDonagh, 2003), thus a semi-structured approach best suited this research initiative.

The questions for the focus groups were developed from the responses and patterns that emerged from the transcribed interviews. Various themes emerged from the interviews, and the focus groups attained a different perspective from selected themes.

The questions for the focus group were based around three themes, which are stated below (to view a full copy of the focus group questions see Appendix E).

- Introduction
- Brand image
- Brand reputation
- Influence of image

Each focus group started with the researcher asking if the interview could be tape recorded and a brief introduction of its aim and direction. Both focus groups were transcribed by the researcher.

Before the focus groups were conducted with the sports marketing students the questions were tested in a trial focus group with post-graduate marketing students from AUT. This gave the researcher a sense of how the questions would be interpreted and if the answers would be significant in achieving research objectives. Following the trial test several changes were made to the format and the type of questions asked, which would have increased the quality of the questions asked. The questions were then tested with the student's supervisor. Furthermore, a post-graduate marketing business student sat in on the first focus group as an observer and to take notes. This was done with the direct intention for the researcher to gain feedback from the post-graduate student and for the pair to exchange thoughts on what could be done better for the second focus group.

4.6.3 Secondary data

Finally, secondary data analysis was conducted from data available from the three firms and publicly available data from electronic sources. This form of research enabled a

better understanding of the three firms and how they have developed over time. An analysis of secondary data aimed to reveal concepts of growth and strategic intention relating to specific advancements within the firms. All three firms started with the intention to grow and to become a global leader in the sports market. The secondary data identified their initial intentions and how they have advanced towards this goal over the course of their existence.

Secondary data were collected from the firms, where the researcher requested any documents of information about the brand/firm that wasn't confidential. Further data were attained from a variety of diverse websites, including the firms' websites and newspaper websites. The relevant data were then placed into the appropriate parts of the three case studies.

4.7 Data Analysis

The two basic ways of analysing qualitative data are by content analysis or grounded theory (Easterby-Smith et al., 2002). Content analysis is where the researcher prefers to quantify the data and is often used when testing hypotheses; however, it is a lot more disjointed than grounded theory (Easterby-Smith et al., 2002). Grounded theory provides a more open approach to data analysis and is particularly good for dealing with transcripts. Here, the researcher systematically analyses the data to tease out themes, patterns and categories which can be used as a basis for interpretation (Easterby-Smith et al., 2002). This section will explain the data analysis methods used in this research.

Because this research aimed to generate theory, a method that is closely related to grounded theory was used to analyse the data collected. This analysis procedure

followed the grounded theory approach formulated by Glaser and Strauss (1967). This is called Evolving Theory, which requires that data and theory be constantly compared and contrasted throughout the data collection and analysis process (Isabella, 1990). This theory directs attention to previously established important dimensions while the actual data concurrently focuses attention on the theory's suitability as a frame for the most recent data collected (Isabella, 1990). Thus, theory is evolved from the data while simultaneously recognising and highlighting previously developed dimensions. The positive aspect of this type of data analysis is that it is designed to account for and encompass all nuances in the data (Isabella, 1990).

The difference between evolving theory and grounded theory is that in evolving theory data and theory are constantly compared and contrasted. Grounded theory analyses the data first and then compares it to the theory. Evolving theory is more time-efficient and is best suited to a master's thesis because of time constraints, whereas grounded theory is best suited to longitudinal research. Therefore the evolving theory data analysis method was used in this research.

The process of evolving theory in this research began prior to the actual data collection, through analysing, critiquing and evaluating the literature and various frameworks. Once the data was collected there was the job of transcribing and sifting through the transcripts and the collection of secondary data to identify the relevant text. This was done through a process of thematic analysis or coding.

4.7.1 Thematic analysis

Using thematic analysis appears to involve a number of fundamental abilities or competencies (Patton, 2002). One competency can be recognised as pattern recognition, or the ability to identify patterns that emerge from the data collected. Evolving theory involves searching text for recurring words or themes (Isabella, 1990). The core meanings found are often called patterns or themes. Alternatively, the method for probing for patterns or themes can be distinguished as pattern analysis or theme analysis (Patton, 2002), yet this analysis process is also referred to as coding (Auerbach & Silverstein, 2003).

As part of the interview process, permission was requested from participants to tape record the discussions, thus the first task of the analysis was the transcribing of the interviews, which was completed by the researcher. Interview transcripts from the interviews were then handed back to the interviewees providing the opportunity for data to be reviewed and confirmed, thus ensuring the completeness of data collected from the interviews.

Focus groups followed a similar structure, where before the commencement of the focus groups permission was requested from participants to tape record the discussions and the focus groups were transcribed by the researcher. Once the data from the interviews and focus groups were transcribed, the data analysis followed Auerbach and Silverstein's (2003) six-step coding process. Each step deals with a different level of analysis, which is explained below.

Step one saw the raw data from the transcribed interviews and focus groups undergo the process of being organising and reviewed. This process involved searching to identify important information relating to the research concern and additional information that

evolved that was not necessarily related to the research concern. Because the latter had a high potential to be missed, the transcripts were continuously read throughout the six-step process to eliminate this likelihood (Auerbach & Silverstein, 2003).

Step two was more of a filtering process where the researcher selected various parts of the text to be included in the data analysis and parts that were to be discarded. Basically this had the purpose of extracting relevant text (Auerbach & Silverstein, 2003), which involved data reduction, coding and categorisation. Here the researcher colour-coded the text in the transcripts that related to themes or patterns; a theme is an implicit topic that organises a group of repeated ideas (Auerbach & Silverstein, 2003). Different colours were used for different themes, for both predetermined and emergent themes. For example, text relating to brand image was colour-coded in red.

Step three involved further analysis of the relevant text in search of repeated ideas. Repeated ideas can occur when different participants use the same or similar words and phrases to express the same idea. Each different transcript was reviewed separately and then combined if patterns emerged between the interviews. Repeated ideas in the focus groups were also grouped, but for the initial stages of analysis this data was kept separate from the interview data.

Step four involved organising the repeated ideas into larger groups expressing a common theme. Because this research presented the case studies separately, themes and ideas that evolved from the interviews and secondary data were presented in separate cases and were brought together as repeated ideas under the relevant themes in the discussion. However, the repeated ideas from the focus groups were presented as

themes and sub-themes in a separate findings section and are discussed in the discussion.

Step five involved organising the themes into more abstract groupings that are referred to by Auerbach and Silverstein (2003) as theoretical constructs. Theoretical constructs shift the analysis from the description of subjective experience found in the repeating ideas and themes to a more abstract and theoretical level. This step allows the researcher to understand the themes more deeply, because it becomes clearer how they fit into a larger theoretical framework. This is presented in the discussion section, where all data is pulled together from the common themes presented in the findings sections to develop the constructs. This step presented all the data under the common themes in order to develop the constructs. This was also related back to the literature.

Step six was the final stage of this process where all the work was done and the theoretical constructs were developed into a theoretical narrative. This step used all the data to establish a coherent story to address the research concern.

Secondary data analysis followed this procedure. Secondary data collected were also evaluated to tease out themes via the six-step process. The secondary data were presented at the initial stages of the case studies and then incorporated with the rest of the data in the discussion.

Because the evolving theory data analysis method requires the researcher to continually analyse the data collected, as stated above, continuous reading of transcripts and secondary data was performed throughout the six-step process, which revealed additional data, patterns or concepts that were potentially missed.

4.8 Validity and Reliability

Concepts of reliability and validity were originally developed for use in quantitative research and it is generally accepted that these concepts apply to both quantitative and qualitative research (Bush, 2002). Basically, the qualitative response to the issue of reliability and validity is to require researchers to demonstrate that what they do is fit for their research purpose (Arksey & Knight, 1999). This section identifies aspects of the research which are relevant to these concepts.

Validity is the degree to which the research method measures what it is suppose to measure (McKenna & Riddoch, 2003; Punch, 1988; Sekaran, 2003). Validity can be split up into internal validity and external validity. Internal validity refers to the confidence we place in the cause and effect relationship, whereas external validity refers to the extent that the results of a causal study can be generalised to other settings, people or events (Denzin & Lincoln, 1998; Sekaran, 2003). Reliability can be identified as stability and is the central concept in measurement, and basically means the consistency of the research method (McKenna & Riddoch, 2003; Punch, 1988). Thus the reliability of a measure indicates the extent to which it is without bias and hence ensures consistent measurement across time and across the various items in the instrument (Sekaran, 2003).

Within qualitative research there is tension between the concepts validity and reliability. It is believed that enhancing one of the two will result in a reduction of the other (Bush, 2002). For example, a flexible approach to an interview will enhance validity but will reduce the reliability of the approach. Because of this Cohen et al. (2000) express

concerns regarding an over-emphasis on reliability at the expense of validity. In turn Denzin and Lincoln (1998) believe that the concept of validity is inappropriate to qualitative research.

This data collection design utilised a triangulation method which is a means of comparing many sources of evidence in order to determine the accuracy of information or phenomena. It is essentially a means of cross-checking data to establish its validity. Triangulation techniques in the social sciences attempt to map out, or explain more fully, the richness and complexity of the setting being studied (Bush, 2002). Because triangulation is fundamentally a means for improving validity by checking data, this method was utilised in this research, which did add value to the data collected.

With respect to interviews and the two focus groups, the main issue relating to internal validity is bias (Bush, 2002). In saying this, bias is hard to eliminate. However, its possibility was considered and various measures were enforced to combat this issue. Sekaran (2003) believes biased data will be obtained when respondents are interviewed while they are extremely busy or are dealing with important issues. This situation was avoided by arranging times for the interviews and the focus groups that best suited and were of the utmost convenience to the participants.

As stated above, external validity is the degree to which findings can be generalised to other settings (Denzin & Lincoln, 1998; Sekaran, 2003). This research aimed to build theory utilising three different cases, and for the findings to be accurate and relate to each setting the same questions were asked in the interviews with each firm and the questions in both focus groups were also the same. Asking different questions would have had a negative effect on external validity and the overall validity of this data

collection. Although the interviews and focus groups were semi-structured by nature a set of questions was established for the interviews and a different set of questions for the focus groups, allowing for deviation. The questions asked were altered when necessary, but were not in anyway completely different questions. This process clarified doubts and guaranteed that the responses were appropriately understood by repeating or rephrasing the questions (Sekaran, 2003), which can have a positive effect on the validity of the data collected.

Reliability is enhanced through the use of highly structured research methods (Bush, 2002), thus cases studies, interviews, focus groups and secondary data assisted in establishing a degree of reliability to this research. As stated above, because of the extent to which the interviews and focus group questions remained semi-structured, reliability could be compromised due to variations within each interview. To combat this, a conscious effort was made to guarantee that the interviews and focus groups involved a lot of discussion but were consistent in the format and the content of the questions detailed in the interview and focus group protocol.

Both the interviews and the focus group questions were trialled with business post-graduate students. Before the two research methods were conducted with the actual participants of the study, the questions were conducted in trial tests with business post-graduate students from AUT. The questions were then presented to the student's supervisor to further discuss and establish if the questions were believed to be reliable in establishing the research objectives. This had the direct intention of increasing the reliability of the questions asked for both the interviews and the focus groups. Furthermore, a business Masters student sat in on the first focus group as an observer and to take notes. This was done with the direct intention of the researcher gaining

feedback from the Masters student and for the pair to exchange thoughts on what could be done better for the second focus group. This student basically had the role of a research assistant, once again increasing the reliability of the questions asked.

The first task of this analysis was the transcribing of the interviews and the focus groups, which was completed by the researcher. Data from the transcribed interviews was then sent back to the interviewees providing the opportunity for data to be reviewed and confirmed, thus ensuring the completeness of data collected from the interviews. Once the data from the interviews and focus groups was transcribed, the data analysis followed Auerbach and Silverstein's (2003) six-step coding process.

This process involved data reduction, coding and categorisation. Once the data were colour-coded, the coded transcripts were put to the researcher's primary and secondary supervisors to assess the quality of coding used. This process provided the opportunity for cross-checking the initial data analysis and findings with two individuals recognised as proficient in the field of research. These coded transcripts were then handed to a third individual, who is also proficient in the field of research but with no knowledge of the research topic eliminating potential bias. By having the coded transcripts examined by the above personnel, who are experts in this field, feedback was sought as to the quality of the data collected and the coding process, thus adding to the reliability of the coded transcripts.

4.9 Ethics

This study of phenomena and firms gave rise to social obligations in respect of those either involved or affected by the research. As such, various steps were incorporated

into the research to address these obligations and ensure the study promoted openness and voluntarism (Rees, 1991), professionalism and privacy (Burgess, 1984).

The first step of this process was an ethics application submitted to the AUT ethics committee to establish approval for this study. Once approval was granted on (6 July 2006, Ethics application number 06/51) potential sports brands were invited to participate in this research. When the sports brands were established, marketing personal were contacted for interviews and sports marketing students were invited to participate in the two focus group (see appendix C and G).

Written consent was obtained from the interview participants before the interviews commenced, and permission was granted to tape record the interviews. Once the interviews were transcribed they were then sent back to the interviewees for their review and approval. Participants in the focus groups gave written consent before the commencement of the focus groups, and permission was gained from all involved to tape record the sessions.

Participants in this research were contacted at a later date to ensure they were aware of and comfortable with the format that was used to reference the information they provided. Furthermore, a copy of the results was offered to all those who participated.

4.10 Summary

To understand the influence brand image and brand reputation have towards achieving a SCA in the sports apparel industry is the focal point of this research. Because this

research endeavoured to build theory, a qualitative design incorporating an interpretive and critical approach best supported this research initiative.

The deductive reasoning within this research incorporated a combination of analysis, critique and interpretation from both theory and practice and subsequently developed new concepts for a direction of research. The inductive approach of this research was introduced through the use of interviews, two focus groups and a collection of secondary data. This approach was introduced not only to support the initial analysis and critique the established frameworks, but also to recognise and expose specific concepts that evolved from the initial analysis. The data analysis method that was used was evolving theory, which was developed from Glaser's and Strauss's (1967) grounded theory approach. This involved thematic analysis following Auerbach and Silverstein's (2003) six-step approach to coding, which resulted in the development of a theoretical narrative.

PART 3: FINDINGS

CHAPTER 5

CASE STUDIES

5.1 Introduction to Cases

This section of the thesis presents the findings from the interviews and secondary data from this study in the form of three case studies in Chapters 5, 6, and 7. At this stage no attempt is made to analyse these cases, merely to present the findings in a form which can be analysed using Eisenhardt's (1989) within-case and cross-case analysis method. This introduction provides the background shared by the three firms.

5.1.1 Sports industry

The sports industry is vast, well-developed and supported by an array of different sports brands. A large majority of sports brands today are global giants that provide product for a range of different sporting codes all over the world and are represented in a number of different countries. The worlds top sports brands compete against each other with technology by creating new innovative product and beating their competitors to the market; with the chance to be represented by world-class athletes and teams; and by creating a strong stance in various markets (Ballantyne, Warren, & Nobbs, 2006). There are also brands that do not hold the same stature as their competitors due to confining themselves to a specific market or product and others that are working hard to establish a global name for themselves.

5.1.2 Market for sports brands

The three sports brands investigated in this research are Adidas, Puma and Canterbury. All three firms to some extent compete against each other within New Zealand, but are all very stable within the markets they operate in. Adidas and Puma can be identified as global giants who operate globally providing sports equipment and apparel to many different sporting codes and events, and have done so for quite some time. Therefore these two brands are well-established within many sports markets. Canterbury is the local New Zealand brand, and although Canterbury is well-established and represented in various different countries it is not of the same size or calibre of either Adidas or Puma. Canterbury is a smaller brand that through a large part of its existence has confined itself mainly to one market, the rugby market. Up until recently the Canterbury brand only supplied equipment and apparel for the rugby market, but for growth and survival they have expanded into the lifestyle market.

A lot of sports brands have expanded their product range and focus to producing more fashionable clothing and street wear. Although these brands have maintained their sports focus, they have moved into the fashionable, street-wear markets, for reasons of expansion. This is becoming more and more frequent as these markets continue to grow. Although the three brands have a different directional focus, within the New Zealand sports market all three firms are competitors, and compete within various markets.

Figure 5.1 Positioning Map of Brands Operating Within New Zealand

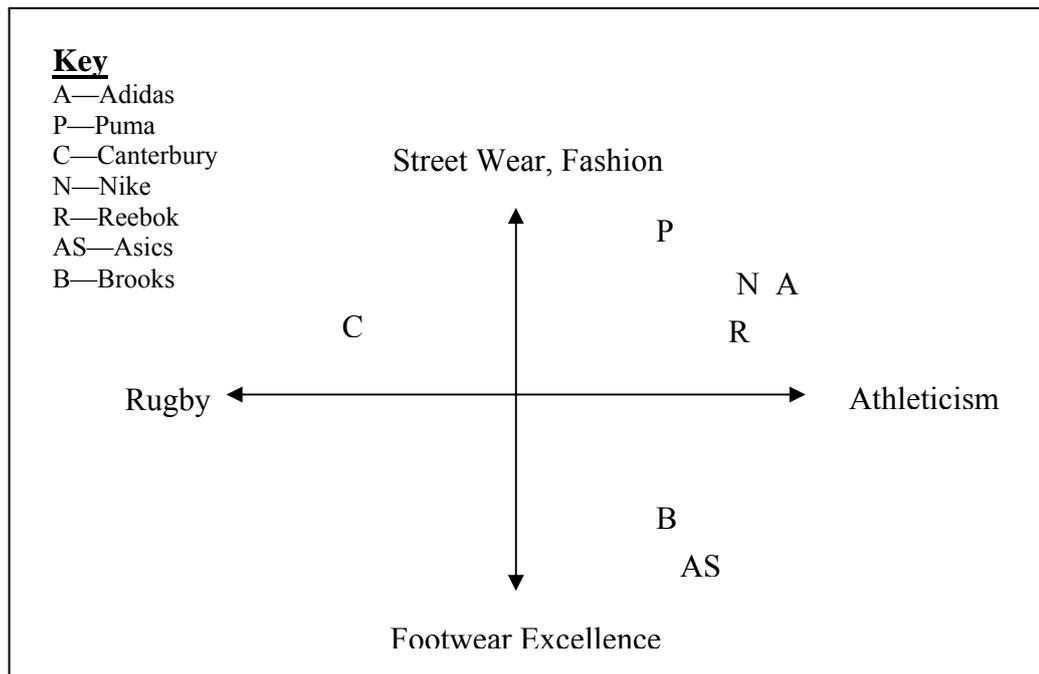


Figure 5.1 identifies the major sports brands operating within New Zealand and the markets they and their products are directed at. The figure displays four markets within the sports industry, namely rugby, street wear fashion, athleticism and footwear excellence. The sports brands operating within New Zealand are placed on the figure as to where they best fit. For an example, B—Brooks is placed closer to footwear excellence and athleticism because that is the market it operates in; P—Puma is placed closer to street wear fashion and athleticism because they are the markets it predominantly operates in.

5.1.3 The use of sponsorships

Adidas is a well-established brand within New Zealand and holds the sponsorship rights to the number one sports property in New Zealand, namely the All Blacks. Thus the main market it operates in within New Zealand is rugby. Puma can also be identified as

being a well-established sports brand within New Zealand. The main sports market Puma operates in within New Zealand is rugby league, holding the sponsorship of the New Zealand Warriors. Canterbury is also well-established within New Zealand but is a brand that sits alone as it is the only brand in the world with a primary focus on the rugby sporting code. Until recently Canterbury only operated in rugby, thus the market it holds within New Zealand is rugby at the NPC provincial level.

Adidas, Puma and Canterbury control these respective markets because they hold the sponsorship rights to the major properties within those codes. The major sports codes within New Zealand can be recognised as rugby, rugby league, netball, and cricket (SPARC, 2006). All codes have several markets such as grass roots, provincial level and international level. When a sports brand sponsors the major team/s within a particular market, it becomes the major brand operating within that market. For example, Adidas sponsors the biggest rugby property in New Zealand (The All Blacks) and one of the biggest rugby competitions (The Super 14), therefore becomes the major brand within that market. Canterbury sponsors the NPC rugby teams and the competition, thus it is the major brand operating within that market. Therefore sponsorship is used by these brands to further establish themselves within particular markets.

All three firms hold an extensive history of longer than 80 years, which over the years has seen these firms develop, expand and venture into new markets and countries. This has not only allowed the firms to become what they are today, but has assisted in the development of certain intangible resources such as brand image and brand reputation. The following three case studies will be in the order of Adidas — Chapter 5, Puma — Chapter 6, and lastly Canterbury in Chapter 7.

ADIDAS CASE STUDY

5.2 Introduction

Adidas is one of the main globally-recognised sports brands in the world. Based and founded in Germany, Adidas was a brand that primarily made sports shoes for Olympic athletes. Over the years Adidas has expanded into new markets and countries thus further establishing the brand in the global market. This growth has brought about the power and opportunities to acquire other brands such as Reebok, Taylor-Made and Rockport. These acquisitions have allowed Adidas to venture further into new markets taking a greater control of the global sports market. Today Adidas is a sporting global giant that provides sports equipment and apparel to a large diversity of different sports codes all over the world. The data collected under the Adidas name for this project were collected with Adidas New Zealand. Adidas New Zealand is based in Auckland, has roughly 30 employees and had a turnover of between \$NZ20 and \$NZ50 million in 2003 (Kompass, 2003). Adidas New Zealand is represented by a number of top New Zealand events and teams such as the Auckland Marathon and one of the most valuable rugby brands in the world, the All Blacks. This chapter provides background information about Adidas before presenting information from the secondary data collection and the interview conducted with Adidas.

5.3 Background of Adidas

Adidas is a name that stands for competence in all sectors of sport around the globe (Brown, 2003). Founder Adolph Dassler had a vision to provide every athlete with the best possible equipment, which began in 1920 when Adolph Dassler made his first pair of shoes. This company was owned and directed by Adolph and his brother Rudolf for a period of 20 or so years until 1948, when they split and formed two separate firms.

This is when the Adidas name was founded, deriving from the first two syllables of Adolph Dassler's name (Adi Das). That year also saw the creation of the three stripes, which has grown to be a true trade mark of Adidas. Adolph expanded his business by increasing its production and providing shoes for a range of different track and field events and enhanced the quality of his soccer boots. In 1954 a total of 450,000 shoes were produced (Adidas, 2006b). Comparable to the swift developments in sport, Adolph Dassler strove to specialise and optimise his products. He was the first entrepreneur to use sports promotion to educate the public about his innovations. He used well-known athletes as advertising for his products, such as Jesse Owens, and Muhammad Ali.

Aggressive publicity became one of the cornerstones of his corporate policy (Adidas, 2006b). From here, Adolph Dassler came up with a product innovation for every major event, illustrating the pre-eminence of Adidas footwear. Constant feedback from active athletes in a wide variety of disciplines allowed Adolph to create shoes of technical excellence for almost every sport (Adidas, 2006b).

As business grew, so did the firm and its name. From the mid 1960s, Adidas ventured into the apparel market by producing apparel for competition and training. Ball production began in 1963, and ever since 1970 the official match ball at all major soccer events has been an Adidas product (Adidas, 2006b). In 1978 Adolph Dassler passed away and the company was taken over by his son Horst and wife Kathe. Horst died in 1987 and, after a period of 70 years, the Dassler family withdrew from the business in 1989, and the enterprise was transformed into a corporation ("Aktiengesellschaft") (Adidas, 2006b). Although this was a major change, the company held its strong tradition and continued to produce quality products to assist athletes with their

endeavours. In 1993, Robert Louis-Dreyfus took over management of the company. This new management saw the comeback of the traditional logo, the three stripes. In 1995, the Adidas share was one of the most interesting new introductions on the stock market (Adidas, 2006b). In 1997, Adidas initiated a vast strategic advancement by acquiring AG and the Salomon group to form Adidas-Salomon AG. A further major acquisition was initiated in 2005 when Adidas laid the foundations for acquiring Reebok, which was finalised in 2006 (Adidas, 2005).

For over 80 years the Adidas Group has been a huge contributor in the world of sports on every level, delivering high-tech sports footwear, apparel and accessories (Adidas, 2006f). Today, the Adidas Group is a global leader in the sporting goods industry and offers a broad selection of products. Products from the Adidas Group are available in virtually every country of the world. Its strategy is to continuously strengthen its brands and products to improve its competitive position and financial performance (Adidas, 2006f).

5.4 Organisational Structure

Adidas started as a small firm that developed and expanded by entering new markets and extending its product range. Approximately 100 subsidiaries, joint ventures and licensees guarantee marketplace presence for Adidas products around the world, which is directed from the group's headquarters in Herzogenaurach, Germany (Adidas, 2006b). Also located in Herzogenaurach are the strategic business units for running, soccer and tennis, as well as the Research and Development Centre. Further key corporate units are situated in Portland, Oregon in the USA, the domicile of Adidas America Inc and home to the strategic business units for basketball, adventure and

alternative sports (Adidas, 2006b). The strategic business unit for golf is based in California (Adidas, 2006b).

Sales and distribution of Adidas products is grouped in five regions worldwide, namely Europe/Near East, Africa, North America, Asia/Pacific and Latin America (Adidas, 2006b). Today, Adidas is Europe's biggest supplier of athletic footwear and sports apparel. Instead of the traditional divisional structure into footwear and apparel/accessories Adidas has ventured into new markets and by the year 2000 Adidas was offering three divisions, each distinguished with its own logo, namely, sport heritage, sport performance and sport style.

Figure 5.2 Adidas New Zealand Organisational structure

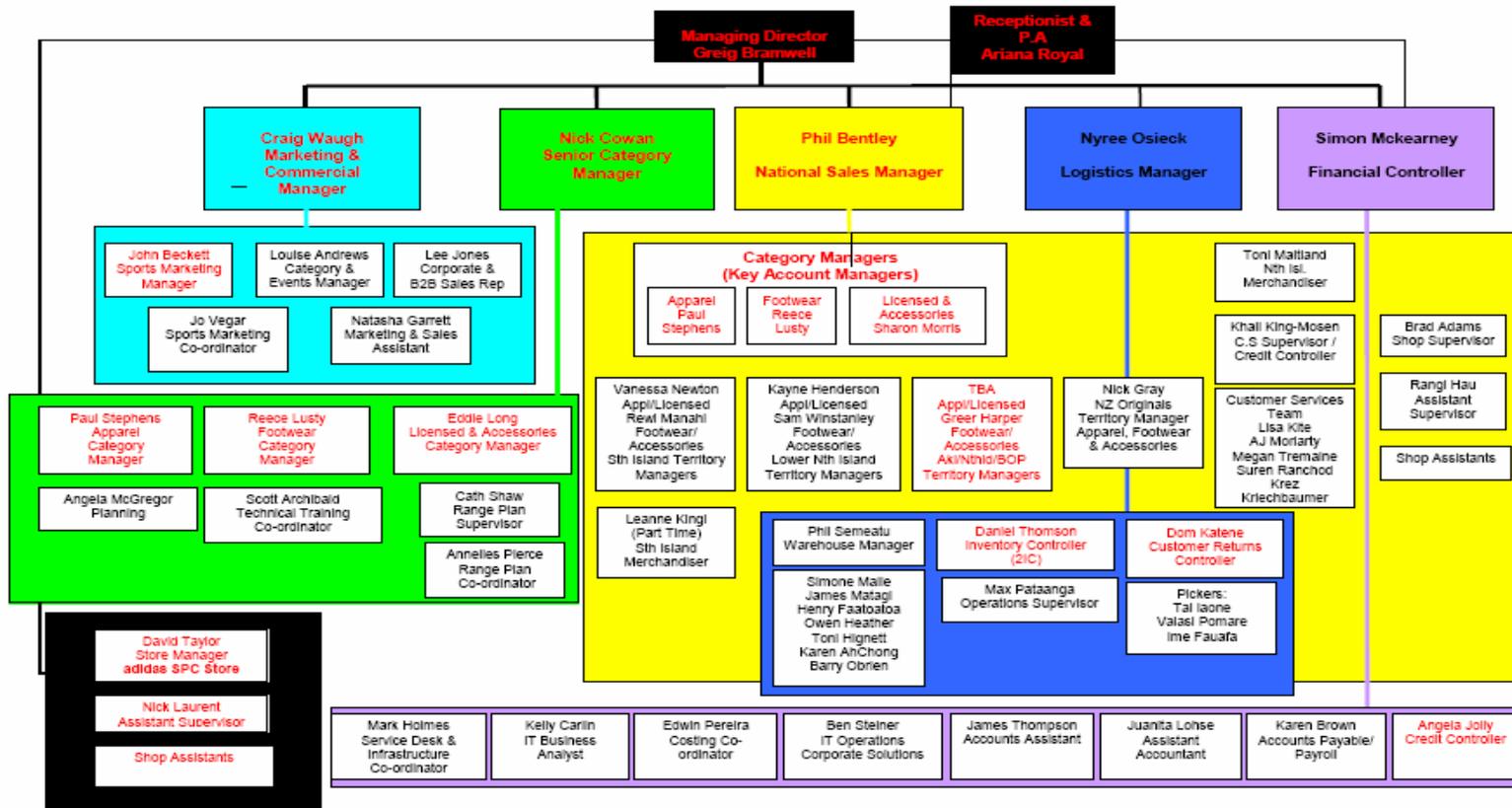


Figure 5.2 presents the organisational structure of Adidas. Adidas New Zealand’s organisational structure is quite hierarchical. This structure has relevance because it identifies the various sectors operating within Adidas New Zealand and the various professional roles within this firm. This figure also has relevance because it identifies scope and scale of the Adidas organisation, which can be compared to Puma and Canterbury.

5.5 Brands



Adidas has several logos next to its name. The traditional three-stripe mark is the quintessential Adidas symbol, which was founded by Adolph Dassler and was first used on footwear (Adidas, 2006c).



Sport Heritage — Adidas extended into the leisure and apparel sector, which initiated the idea for an additional identification mark. In 1971 the Trefoil was born and was first used on Adidas products in 1972 (Adidas, 2006c). Today this symbol represents the Adidas sports heritage division. The sports heritage division contains Adidas original products. These products seek to further extend the Adidas brand's exclusive and genuine heritage to the lifestyle market (Adidas, 2006c).



Sport Performance — In 1997 Adidas introduced a new corporate design, the three bars. This was initially used on the equipment range of performance products. The products in the Adidas sports performance division were developed for the sports performance market but have design appeal that encourages consumers to wear the product on and off the field (Adidas, 2006c).



Sport style — This new logo followed the acquisition of AG and the Salomon Group in August 1998. In July 2002, Adidas-Salomon AG presented a revolutionary new business strategy for the Adidas brand that held the concept of expanding its customer base and driving top-line growth (Adidas, 2006c). The new structure was a fundamental shift from the traditional “Footwear” and “Apparel” structure, introducing a new three-divisional approach with the “Sport Performance”, “Sport Heritage” and “Sport Style” divisions (Adidas, 2006c).

On 3 August 2005 Adidas announced the planned acquisition of Reebok, where it planned to acquire all of the outstanding shares in Reebok. The transaction value was approximately €3.1 billion (US \$3.8 billion), including the assumption of net cash of €69 million (US \$84 million) (Adidas, 2005). The combination of Adidas and Reebok saw an acceleration in Adidas Group's strategic intent in the global athletic footwear, apparel and hardware markets (Adidas, 2005). This acquisition went ahead and was completed in 2006.

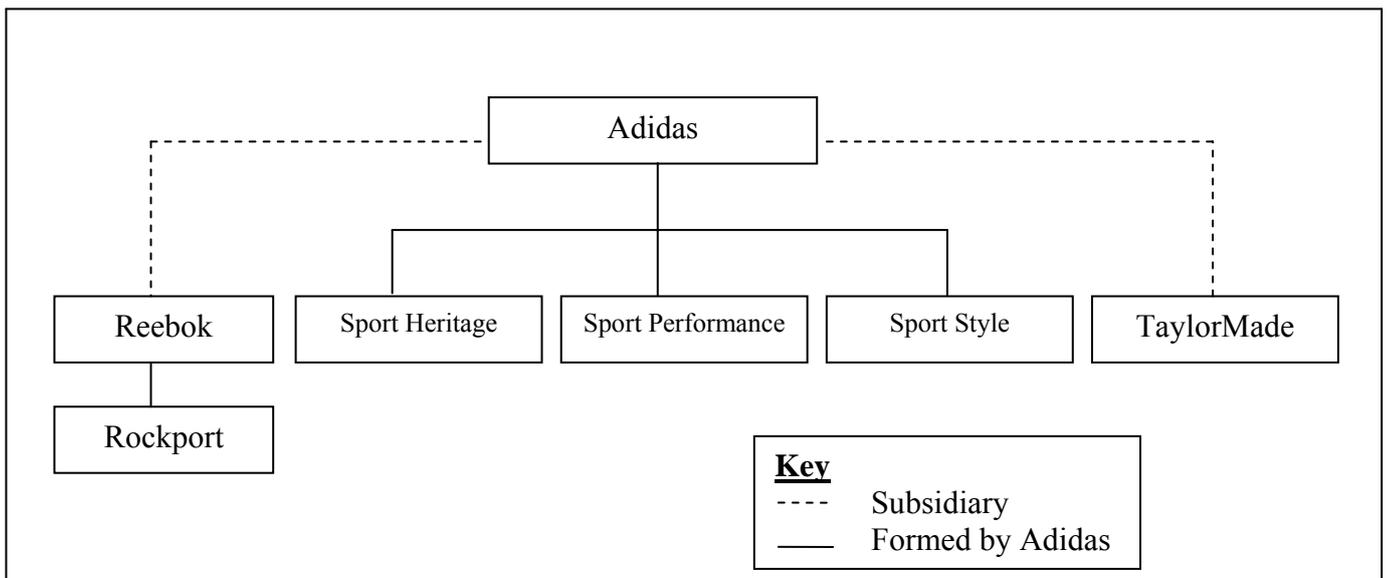


TaylorMade-Adidas Golf, is one of the largest golf club manufacturers in the world and is a subsidiary of the Adidas Group (Adidas, 2006e). TaylorMade-Adidas Golf has led the golf industry's technological evolution since being founded in 1979. TaylorMade equipment comprises Adidas apparel and footwear, Maxfli golf balls, and Rossa putters (Adidas, 2006a). TaylorMade-Adidas Golf changed the game of golf by introducing the metal wood to the masses 27 years ago, and today holds the reputation as the number one driver brand in golf (Adidas, 2006e). Adidas Golf is the fastest growing footwear and apparel brand in golf, and holds a commitment in developing great-looking, great-feeling, performance-enhancing products (Adidas, 2006a). This includes golf wear such as the new ClimaCool® technology. TaylorMade-Adidas Golf is suggested as being the best performance golf brand in the world (Adidas, 2006e).



The Rockport Company designs, produces and distributes specially engineered comfort footwear for men and women worldwide under the Rockport brand, as well as apparel and accessories through a licensee (Adidas, 2006d). This brand designs footwear, apparel and accessories and is segmented into Performance, Casual, and Dress. Reebok International Ltd acquired Rockport in 1986 and now both are a part of the Adidas Group (Adidas, 2006d). Figure 5.3 illustrates how the different brands of Adidas fit together.

Figure 5.3 Adidas's Brands



5.6 Market History

Right from the birth of Adidas, Adolph Dassler has aligned his product with world class athletes. Therefore the Olympic Games were perceived to be a supreme opportunity to align the Adidas brand and product with Olympic class athletes and Olympic teams. As time passed Adidas has developed product and entered new markets to cover a wider range of sporting codes. In 1928 Adolph Dassler's shoes were worn for the first time at

the Olympic Games. By 1952 Adidas was the most widely-worn German sports shoe brand at the Olympic Games. Forty-four years on from this at the Atlantic Olympics in 1996 Adidas sponsored and equipped three nations, where 6,000 participants wore Adidas products and Adidas supplied products for 21 out of 26 Olympic sports. No other brand has ever been so closely associated with so many athletes in so many sports to this date in time (Adidas, 2006b). At the 2004 Olympic Games in Athens Adidas was the official outfitter of 21 national Olympic committees. More than 4,000 athletes from 45 different countries competed wearing the Adidas product and Adidas provided products for 26 out of the 28 Olympic sports. Athletes wearing Adidas shoes and/or apparel won a total of 267 medals (Adidas, 2006b).

5.7 Products and Competitors

Today, the Adidas product range extends from shoes, apparel and accessories for basketball, soccer, rugby, cycling, tennis, fitness training and golf to adventure and trail, to name a few. This product range is supported by various brands, which can be seen in the table below.

Table 5.1 Adidas Products

Adidas	Footwear, apparel and hardware such as bags and balls
Reebok	Footwear, apparel and hardware
Rockport	Footwear — Semi-formal
TaylorMade- Adidas Golf	Golf equipment: metalwoods, irons, putters, golf balls, footwear, apparel and accessories

Table 5.1 identifies the different product types available from the various Adidas brands. Adidas is exposed to and presented in a range of markets worldwide through various brands. Because Adidas possesses various brands that enter different markets,

there are distinctively different competitors in each market. Its major global competitors are Nike and Puma, who compete in the same or similar markets (Adidas NZ, personal communication 2006). Furthermore, Adidas competes against sports brands that primarily focus on sports shoes, such as Asics and Brooks. Adidas produces a range of footwear products for various sporting codes and activities, therefore these brands can be seen as direct competitors. Further competitors can be recognised in the sport heritage product range. This product range is competing in the lifestyle and fashion street wear market, therefore the direct competitors in this market can be recognised to be Mosimo, Canterbury and Zeal. Adidas also competes in the golfing market against brands such as Callaway, Cleveland Golf and Nike.

5.8 Sponsorship of the All Blacks

The Olympic Games is only one avenue of sponsorship; Adidas is represented by an array of sporting codes and athletes. In 1998 Adidas signed a record-breaking deal with the New Zealand Rugby Football Union (NZRFU) for the rights to sponsor the All Blacks. After a long-standing period of decline and living in the shadows of rivals Nike and Reebok, Adidas New Zealand was slowly winning back its share of the market during the 1990s (Jackson, 2003). Because the All Blacks are considered as a premier rugby union commodity Adidas was a strategic selection for sponsorship because it holds a long history of success and embodies a unique image merging power and flair. This sponsorship deal began on 1 July 1999 and represented the beginning of a new era and indicated that the All Blacks were truly going global (Jackson, 2003).

A German giant and expansive global brand (Adidas) entered into a major sponsorship agreement with the All Blacks, who embody the spirit and the essence of New Zealand. The multi-national commercial enterprise risked a major backlash if it was seen to

tamper with this tradition. Adidas's strategy was extremely clever. Its marketing focused on tradition and nostalgia, effectively creating a history in which it could participate. To this extent, Adidas both owns and manufactures a part of New Zealand's collective memory (Jackson, 2003). The rare quality specific to the All Blacks that attracted Adidas is that there is a unique percentage winning ratio and aura around the All Blacks, one that is second to none in sport world (Brown, 2003). The All Black brand is the most recognisable rugby brand in the world (Brown, 2003) and the sponsorship of this team was recognised as a way for Adidas to make vast inroads into the rugby market.

5.9 Strategic Direction

Adidas is a strong global brand that started with a single person's dream of providing athletes with the best sports gear possible. As years passed the brand grew by venturing into various other markets through acquisitions and increasing its product range, which excelled in markets. Thus the initial dream of this firm was to create one of the world's leading sports brands. Some of the major strategies used by Adidas are introduced next.

5.9.1 Initial concentrated growth

The initial stages of Adidas's history saw the development of sports shoes for athletes competing at the Olympic Games (Adidas, 2006b). This direction was a significant success and therefore the product range was increased to provide footwear for a greater number of track and field events. Top athletes competing and succeeding at the Olympic Games established great exposure for Adidas and placed a positive tick next to the brand and its product.

As the firm grew, Adidas extended its production by producing footwear for a wider range of sports within the German market. This also attained great exposure for Adidas when the German teams competed against teams from other parts of the world. Before long Adidas was providing athletes and teams from various parts of the world with footwear, thus further expanding via entering new markets overseas.

5.9.2 Internationalisation and growth

When Adidas entered the international market its production increased dramatically because it was supplying more athletes and teams with footwear and manufacturing new product for new sporting codes. This strategic growth saw a lot of well-known and respected athletes participating in their chosen code wearing Adidas footwear. Adolph Dassler used this to his full advantage by being the first entrepreneur to use sports promotion to educate the public about his innovations (Adidas, 2006b). He started using well-known athletes such as Jesse Owens and Muhammad Ali as advertising for his products, which became and still is a major promotional strategy of the Adidas brand (Adidas, 2006b).

5.9.3 Product development

In the mid 1960s Adidas started producing apparel for competition and training. Ball production began in 1963, and ever since 1970 the official match ball at all major soccer events has been an Adidas product. Therefore Adidas had turned into a firm that produced footwear, apparel and equipment. Before long the product development of Adidas was in full swing. Adidas expanded its product lines by supplying an array of sports codes with apparel and equipment.

5.9.4 Growth through acquisitions

Through the years Adidas continued to grow as it entered new markets and acquired several other firms. Adidas took a major step in the direction of becoming the world-leading sports brand through the acquisition of Salomon Group in 1997, which comprised the brands Salomon, TaylorMade, Mavic and Bonfire (Adidas, 2006b). The acquisition was an excellent complementary fit in terms of products, apparel and equipment (Adidas, 2006b). The acquisition had the strategic intent of growth. Salomon has an especially strong presence in North America and Japan, while Adidas is very well-established in Europe (Adidas, 2006b). This acquisition created one of the world's leading sporting goods groups with a portfolio of outstanding brands, becoming the second largest sporting goods marketer worldwide (Adidas, 2006b).

The name of the new group was changed to Adidas-Salomon AG. A further acquisition took place in 2005 when Adidas acquired Reebok; the combination of the two brands was a way of accelerating the Adidas Group's strategic intent in the global athletic footwear, apparel and hardware markets. Furthermore, this acquisition presented a stronger presence across teams, athletes, events and leagues, which enabled Adidas to substantially increase the worldwide visibility of its brands (Adidas, 2005). The acquisition of Reebok complemented the Adidas international profile and enhanced its position in North America. North America represents approximately 50 per cent of the global sporting goods market, and with Reebok the Adidas Group's North American sales were believed to more than double (Adidas, 2005).

Adidas uses the strategy of reshaping and taking significant steps towards the goal of leading the sporting goods industry (Adidas, 2006f). Everything Adidas does has a direct focus on strengthening and developing its brands, where it aims to maximise consumer impact and enhance brand profitability through the application of its five strategic approaches.

Adidas is a strong global brand that has developed over the years into one of the global leaders in footwear, sports apparel and equipment covering a wide range of sporting codes and is represented in a diverse range of sporting events. Adidas has acquired a number of different sports brands, which has enabled it to expand and control additional markets in various parts of the world. Adidas today is well-known for its devotion and dedication to providing top quality sports product to the consumer and some of the best athletes and teams in the world, and it holds the goal of leading the sporting goods industry.

5.10 Adidas and the Resource-based View of the Firm

In the inductive process of this project, nine main themes appeared in the interviews, namely brand image, brand reputation, value, rareness, durability, inimitability, competitive advantage, history and authenticity. Thus throughout the second part of this section the findings relevant to the above themes will be presented.

5.10.1 Brand image

Brand image is a resource that Adidas holds in high regard and a large importance is placed upon its development and maintenance to ensure that a positive image is

exposed. “The Adidas brand’s image importance is huge, it’s everything to us and is a major strength of ours” (Adidas NZ, personal communication, 2006).

Adidas has an encouraging image that is reflected and developed in a lot of their operations, and the brand image of Adidas has been held in high regard right from the initial stages in the development of this firm. Data from the interview suggest that this brand image is influenced by sponsorship, media and product quality of Adidas. Therefore the following three sections will identify how the above three factors can be considered to manipulate brand image.

5.10.1.1 Sponsorship

Adolph Dassler’s product gained quality recognition when he first aligned his brand with world class athletes of the Olympic Games via sponsorship. At these particular games 86 per cent of the athletes sponsored by Adidas gained Olympic medals, which provided huge recognition and a positive brand image. The Adidas brand was aligned with winning world class Olympic athletes, which straight away provided a positive spin for the brand image. Adidas today is aligned via sponsorship with some of the best teams and athletes in the world. A sports brand that sponsors a team or athlete that is held in high regard or is at the top of a particular sporting code has the potential to provide a positive brand image. The New Zealand All Black’s rugby team is the most recognised rugby brand in the world (Brown, 2003). It holds a unique history of success (Jackson, 2003) and is sponsored by Adidas.

We signed up to New Zealand rugby, and what that did, was basically at that time, it was very important for us to have that association, because obviously rugby was New Zealand’s number one sport we wanted to be number one in

New Zealand, to be number one in New Zealand you've got to have the number one sport, so it's a big spiral (Adidas NZ, personal communication, 2006).

We also sponsor the Australian cricket team because they are number one and turn down the New Zealand cricket team, if the Australian cricket team were shit like Bangladesh, then I would consider the Black Caps, but they're not they're number one, so we're getting the brand recognition here with cricket in New Zealand, and a positive recognition because Australia are the best in the world (Adidas NZ, personal communication, 2006).

When a brand is aligned with a particular team or athlete that is respected and is considered the best or one of the best in the world, and the team or athletes have that image, an image much the same develops for that brand within that particular sporting context and in general (Adidas NZ, personal communication, 2006). The New Zealand All Blacks are the most recognised rugby brand in the world (Brown, 2003); furthermore, rugby is the number one sport in New Zealand. Therefore Adidas, who owns the sponsorship properties, owns a very powerful and influential source, which is recognised by Adidas New Zealand. This situation is also reflected in well-known and respected athlete Bevin Docherty.

The sponsorship of the All Blacks it puts our brand on the world stage and in the spotlight, the All Blacks run out and you see the Adidas brand, Bevin Docherty's running the triathlon and you see the Adidas brand, and people say he's the best at what he does, the All Blacks are the best at what they do, we want to be like that, whatever they're wearing must be good, we want to follow them (Adidas NZ, personal communication, 2006).

Here, Adidas have aligned themselves with the best in the world; therefore the Adidas brand aims to attain an image that is of the same or similar capacity as the All Blacks and Bevin Docherty.

Aligning the Adidas brand with an event or team that is going backwards will do no favours for a brand. Adidas continuously aims to align its brand with the best because

that is the image it wants to portray (Adidas NZ, personal communication, 2006). An example of an event that was doing it no justice was the following.

The Great Lakes Relay which you may be aware of its an event down round Taupo we've just pulled out of that this year because the event is going backwards, the event organisers haven't been very proactive and it hasn't really been working for us the event numbers have been diminishing and its not perceived to be that great an event anymore (Adidas NZ, personal communication, 2006).

“The whole significant importance of sponsorship is that you have a positive team or positive events that evolves over time and that's going to have positive benefits for your brand” (Adidas NZ, personal communication, 2006). If a brand is aligned via sponsorship to an event or team that is developing a bad image for whatever reason, it will offer no positive benefits for the associated brand.

5.10.1.2 Media

Brand image can be manipulated by a number of different elements. If a brand is positioned in the media in a negative fashion, it is possible that this will influence the brand image. In turn, a positive image could develop from positive media. Therefore it is important for a brand to be professional in all areas.

Everything we do has to be professional, because the flipside of that is because we are a strong brand, as soon as you do something wrong, which we do, we make mistakes, media and public always like to chop down the top brands, which will give us a bad brand image, that's why we place a large emphasis on brand image (Adidas NZ, personal communication, 2006).

Media has the supreme power to have an influential effect on the consumer's perception about a brand. Bad media about a firm can create a hostile response to the brand image of that firm.

5.10.1.3 Product quality

The whole philosophy of Adidas is to have product that help the athletes perform, thus quality product (Adidas NZ, personal communication, 2006). Adidas likes to be an innovator, “we’re constantly innovating with new, whether it be type of jerseys, whether it be the one shoe, all the different technologies that we bring to the market, it’s always aimed at the athletes to help them perform”.

Elite athletes sponsored by Adidas provide direct feedback to Adidas about the brand’s product. This feedback from professionals helps Adidas to produce a top quality product. “So it starts with a quality product, a large emphasis goes on quality, and ends with quality product aligned with the best in the business” (Adidas NZ, personal communication, 2006).

Adidas perceives product quality as its whole philosophy. It works in a circular motion for Adidas that starts with quality product, which is then aligned with elite teams and athletes, and from here feedback is sought to improve the product.

5.10.2 Brand reputation

Adidas holds an extensive and proud brand reputation that has developed and evolved over the period of 85 years. Brand reputation is perceived as a major strength and has assisted Adidas in its growth. “Brand reputation is definitely a great strength of ours and is very important to us, its huge, it is everything” (Adidas NZ, personal communication, 2006).

Reputation is something that is developed over time and is specific to a particular organisation, which cannot be exchanged. As stated above, Adidas has been around for a period of 85 years and in that time it has experienced great highs and some terrible lows. Being able to operate or see out the low patches is a sign of a strong background (Adidas NZ, personal communication, 2006).

If you're a new brand you don't have the credibility in terms of being able to go through those troughs, ride the waves, having a strong history and brand reputation gave us the cred and the ability to ride the waves (Adidas NZ, personal communication, 2006).

A strong brand reputation is one of the most important resources a firm can possess and can be recognised as essential to all firms. A strongly reputed brand is in a more stable position to deal with the changes in the environment than brands that have not developed this resource.

5.10.3 Valuable

For a resource to be considered important or beneficial to a firm, it is stated that it must be valuable or enable the creation of value. Brand image and brand reputation are identified as major strengths of Adidas and are believed to be very important to the firm (Adidas NZ, personal communication, 2006).

The above two resources of brand image and brand reputation are identified as holding significant importance within the Adidas firm. Their resource/s is held in high regard and is deemed to hold considerable value within the organisation. Therefore the brand image and brand reputation of Adidas are considered valuable.

5.10.4 Rare

Adidas considers itself to be different, different in what it does and what it produces. Adidas believes its brand is different from its competitors, and it was stated that being different is a major strength because it never wants to be a follower. Establishing the position as a leader is very important to Adidas and is a strategy that places them apart from their competitors (Adidas NZ, personal communication, 2006).

Because Adidas aims to be different in everything it does, it has established a brand image that is different from its competitors. It was established quite clearly above that Adidas wants to lead and to be different. Establishing a clear distinction between itself and its competitors is identified as being of strategic importance. Because Adidas establishes a clear distinction between itself and its competitors does not necessarily mean its brand image can be considered rare. This concept will be further discussed in the discussion section.

5.10.5 Durable

Having a consistent brand image over time is identified as being “very important”, because Adidas is a strong brand (Adidas NZ, personal communication, 2006). When a brand’s image is not consistent consumers can receive bad perceptions or a bad experience with a certain brand.

A couple of months ago, a guy was talking about a bad experience he had with Adidas boots in 1972, 30 years on and he’s still talking about it, basically that’s a consumer loss forever, so the connection and brand image of the brand is so important,” (Adidas NZ, personal communication, 2006).

Above is an example where the brand image was dented through faulty product. Although the incident explained above changed one consumer’s perception towards Adidas, it has still maintained its history, heritage, brand reputation and has continued to compete in the market (Adidas NZ, personal communication, 2006). This would indicate that the various intangible resources of Adidas have a certain degree of durability.

5.10.6 Inimitable

In most firms there are resources that competitors can or cannot copy. Various elements are specific to certain firms and cannot be copied or traded.

I believe there are some things that can be copied and some that cannot I don’t believe you can copy credibility and authenticity and history, I don’t think you can copy that but you can copy innovation, you can copy passion definitely copy that stuff, but you know look at Nike they can’t talk about a shoe that they have been developing for the last 50 years, because they haven’t been around that long (Adidas NZ, personal communication, 2006).

As explained above Adidas believes there are certain elements to the firm that can be copied and elements that cannot. Adidas suggests that credibility, authenticity and history are three elements that cannot be copied. Because these resources cannot be copied, they are resources specific to that particular firm, which suggests they hold the characteristic of inimitability.

5.10.7 Competitive advantage

Various resources hold the potential to establish a CA. These resources should be identified and managed significantly to achieve their full potential. “I believe our brand can lead towards a competitive advantage and I think the things that are giving us a competitive advantage at the moment are our authenticity, our history” (Adidas NZ, personal communication, 2006).

It is important to understand that not all resources will attain a CA, thus it is imperative that advantage-creating resources are managed correctly and strategic plans are put in place to maintain them. Adidas suggests that there are two resources giving them a CA at present, namely authenticity and history which can be potentially recognised as a SCA.

5.10.8 History

History is a theme that appeared in the interviews and is held in high regard by Adidas. Adidas has a vast and powerful history that dates back to the 1920s when Adolph Dassler made his first pair of shoes. For over 80 years the Adidas Group has been a huge contributor in the world of sports on every level, delivering high-tech sports

footwear, apparel and accessories (Adidas, 2006f). Today, the Adidas group is a global leader in the sporting goods industry and offers a broad selection of products in virtually every country of the world.

Adidas views its history as a major strength of the firm. Adolph Dassler is still perceived as the boss of the firm and everything it does comes back to its authenticity in the industry, so history is a major driving force (Adidas NZ, personal communication, 2006). History develops over time and a powerful well-established history can aid firms as they experience considerable changes in the environment that could potentially hinder performance.

Adidas through the late 80s early 90s was terrible, through the 70s was extremely strong, through the 60s was extremely strong, if you're a new brand or fly-by night you don't have the credibility in terms of being able to go through the troughs, ride the waves, I believe history gives us the cred and the ability to ride that wave (Adidas NZ, personal communication, 2006).

A well-developed and managed history has the potential to provide vast benefits to a firm if it is exposed correctly. There are a couple of reasons why the Adidas brand is successful:

History and reputation, everyone knows Adidas, and you know, many people have grown up with Adidas and they know it, and when it went through a bad time, people still knew Adidas and knew the brand, and the history that it brought, I think what we've done is because of our history, we've learnt from mistakes, and every company, every person has to learn from mistakes, so the company's made mistakes and you learn from them, so therefore your product gets better and better and better" (Adidas NZ, personal communication, 2006).

History is developed over time and only firms that have been around for a while will develop and then benefit from this resource. Adidas has a strong history that has

developed right from the early stages of its existence. It has developed this history from continuous excellence in all its operations.

5.10.9 Authenticity

Authenticity appeared in the interviews quite frequently and is held in high regard. Adidas believes it is an authentic firm and authenticity is one of its major strengths (Adidas NZ, personal communication, 2006). “Everything we do is authentic and not gimmicky, we always come back to our authenticity in the industry, authenticity is also one of the factors that is giving us a competitive advantage” (Adidas NZ, personal communication, 2006).

5.11 Summary

In summary, Adidas is a brand that holds an extensive existence, which dates back to the 1920s. Through the decades the brand has expanded in growth as it has entered new markets and increased its product range. Further growth was achieved when Adidas acquired other brands with the strategic intention to enter into various other parts of the world and hold a greater global positioning. Today the brand is a global giant and is acknowledged as one of the world’s leading sports brands. The interview that was conducted with Adidas identified that Adidas New Zealand places great importance on the brand image and brand reputation of the firm. The two resources are managed with the highest priority and all operations within the firm have the direct consideration of protecting and maintaining these two resources. The interview also identified that various characteristics of SCA and the RBV holds a great significance with Adidas. Furthermore, uncovered in the interview was the development of new and important themes, namely history and authenticity. Adidas holds a proud and extensive history

that plays a vast role in its strategic developments today. Authenticity is a resource that holds significant importance within Adidas. Adidas aspires to be authentic and strives to innovate. Therefore, holding and maintaining these intangible resources assist Adidas in its success today.

CHAPTER 6

PUMA CASE STUDY

6.1 Introduction

Puma is one of the main globally-recognised sports brands in the world. Based and founded in Germany, Puma was a brand that primarily made sports shoes for Olympic athletes. As Puma expanded it ventured into new sports and countries, which further established the brand in the global market. This growth has brought about the power and opportunities to develop new and innovative product to assist athletes in their aspirations and achieve their desires. Puma provides top quality product to athletes and has always had this proud tradition. This tradition of excellence has allowed Puma to venture into new markets thus further expanding its brand. Today Puma is a sporting global giant that provides sports equipment and apparel to a large diversity of different sports codes all over the world. The data collected under the Puma name for this project were done with Puma New Zealand, based in Auckland. This chapter provides secondary data collection before presenting information from the interview conducted with Puma.

6.2 Background

Adidas and Puma were once one firm operated by two brothers, so up to 1948 their history is the same. To review this history please refer to Chapter 5, 5.2 Background of Adidas. For a period of 20 or so years the two brothers worked together providing sports shoes and developing their business until 1948 when they split and formed their own companies. Adolph formed Adidas and Rudolph formed Puma (Puma, 2006c).

Puma carried on the same pathway in producing quality footwear for athletes and brought new innovative product to the market with a larger focus on the sport of soccer.

As time passed Puma was represented by a number of talented athletes on the soccer field and at various Olympic Games in both track and field events. Puma attained its greatest recognition when the athletes wearing its product excelled at their chosen events. This was seen by Rudolph as a first-class marketing and promotion opportunity, therefore it became a major strategy of Puma to align the brand with world class athletes (Puma, 2006c). Athletes such as Jim Hines, wearing Puma track shoes, was the first man to complete the 100m sprint in less than 10 seconds and quarterback Joe Namath who lead the New York Jets (American football team) to Super Bowl III, was wearing Puma shoes. This type of promotion established a place for Puma in the chosen market and reinforced its extensive history of technical excellence.

Puma expanded by entering new markets through forming alliances and acquiring several organisations. In 1991 Puma formed an exclusive alliance with Pittards, a premier leather-manufacturing company based in England, and in 2000 Puma entered a further alliance with Porsche and Sparco to produce fireproof footwear for race car drivers (Puma, 2006c), thus providing a pathway for Puma in these markets. The acquisition of Scandinavia's Tretorn Group enabled Puma to gain a stronger foothold in the Scandinavian market (Puma, 2006c).

For over 80 years Puma has been a huge contributor in the world of sports on every level, delivering high-tech sports footwear, apparel and accessories. Today, the Puma brand is a globally-recognised brand in the sporting goods industry and offers a broad selection of products. Products from Puma are available in virtually every country of

the world. Their strategy is a long-term mission to become the most desirable sport lifestyle company in the world (Puma, 2006a).

6.3 Organisational Structure

Puma has a global distribution base reaching sport retailers, department stores and boutiques in over 80 countries worldwide. In 1999 the brand established a strong, growing retail organisation with concept stores in many big metropolitan cities worldwide (Puma, 2006b).

Puma's virtual headquarters comprise decentralised core competency centres which are located within Germany, the USA and Hong Kong. Distributed among these core competency centres are Puma's seven corporate functions, which consist of Product, Product Supply, Brand, Growth, Structure, Brand Value and Culture (Puma, 2006d). The above functions represent several sub-functions, which are managed comprehensively (Puma, 2006d). Furthermore, these functions have been strategically positioned where specialisation and management know-how are optimal (Puma, 2006d).

Through its matrix organisation, Puma has attained additional geographical focus through its subsidiaries, as those in Germany, USA, Hong Kong, Austria and Australia are also regional hubs (Puma, 2006d). The hubs were created to oversee Puma distributors, licensees and some subsidiaries within the respective regions. Therefore this structure places Puma in a dynamic position to utilise regional dissimilarities and local variances, allowing the company to fine-tune and incorporate them into its global brand initiatives (Puma, 2006d).

Figure 6.1: Puma New Zealand Company Structure 2007

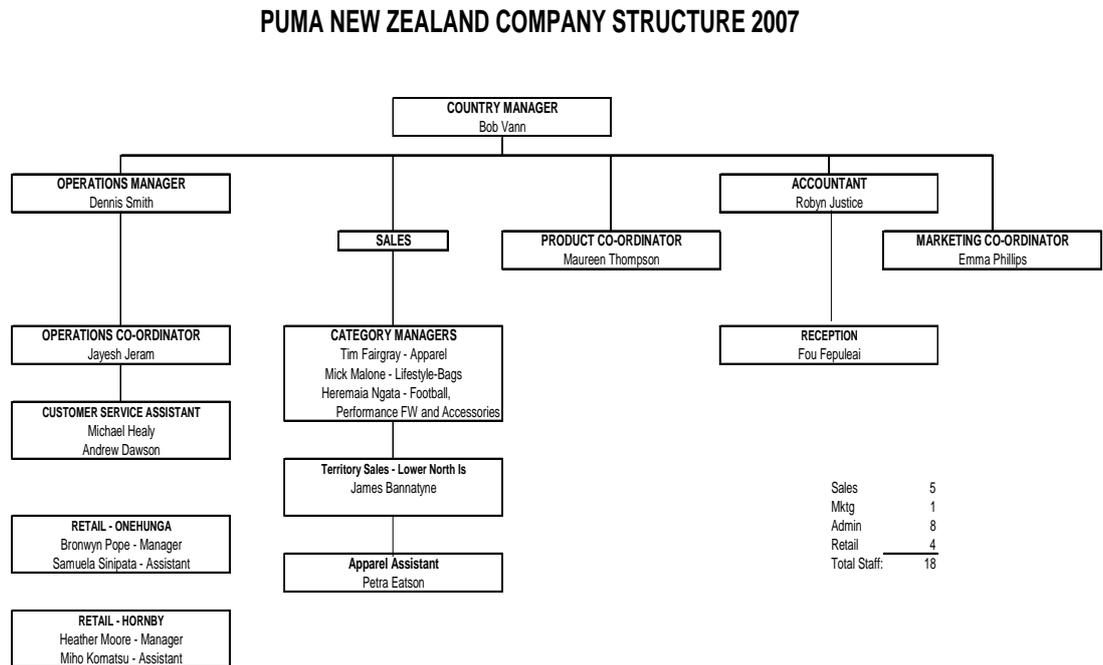


Figure 6.1 presents the organisational structure of Puma New Zealand, which can be identified as quite hierarchical. This structure has relevance because it identifies the various sectors operating within Puma New Zealand and the various professional roles within this firm. This figure also has relevance because it identifies the scope and scale of the Puma organisation in relation to Adidas and Canterbury. One of the major differences compared to the Adidas New Zealand structure is the difference in professional roles, where Adidas are recognised to have a lot more.

6.4 Brands



This brand represents the majority of Puma’s product range, namely, sport, lifestyle street wear and fashion. The Puma brand focuses on delivering distinctiveness with a

global outlook to each product range. To achieve these goals the brand template emphasises Puma's distinctiveness, individualism, spontaneity, internationalism and sporting heritage designs (Puma, 2006a).

Tretorn Group

In 2001 Puma acquired Tretorn Group, which was a strategically competitive move because it enabled Puma to gain a stronger foothold in the Scandinavian market. This meant Puma had regained its own distribution rights in that area (Puma, 2006c).

6.5 Market History

In 1938 the athletic footwear gained its first significant recognition when athletes wearing Rudolph Dassler's shoes at the Olympic Games attained seven gold medals and smashed several world records, which held vast importance for the growth of the company. From the initial developments of Rudolph Dassler's company, his product was aligned with top Olympic athletes, and as the brand developed the firm entered new markets by creating product for other codes such as football. In 1948 Dassler developed his first football boot, which was worn by the German soccer team, thus entering the football market. When success came from entering new and attractive markets, Dassler started to make shoes for a range of different sporting codes. By the late 1960s Puma offered shoes for all track and field events, football and American football, and the markets were growing (Puma, 2006c).

As the markets developed so did the technology. Puma had to expand by creating new and improved product to compete in the market. In 1968 Puma was the first

manufacturer to offer sports shoes with Velcro® fasteners. In 1990 Puma presented “INSPECTOR”, a system for children’s shoes that has a mid-sole window that enables growth to be monitored. In 1996 Puma introduced its Puma cell technology, which was the first foam-free mid-sole to increase cushioning (Puma, 2006c). To be a competitor in the market Puma had to keep on creating new and unique product with the latest technology. To be a leader at the top of the market Puma continued to innovate and produce different product from its competitors.

6.6 Products and Competitors

Puma is engaged in the development and marketing of a broad range of sport and lifestyle articles including footwear, apparel and accessories, which are distributed in more than 80 countries worldwide. Puma’s direct competitors in the sports footwear and apparel market can be recognised as Adidas, Nike, Asics and Canterbury. In the lifestyle market Puma’s competitors can be recognised as Adidas, Nike, Canterbury and Colorado. Puma’s product range covers all track and field sports to Formula 1 racing, where footwear is the biggest seller.

Table 6.1: Puma Products

Puma	Footwear, apparel (sport, street wear and fashion) hardware such as bags and balls
Tretorn Group	Footwear, apparel

Table 6.1 identifies the different product types available from the two Puma brands. The Puma brand is the original brand as stated above, and Tretorn Group is an acquired brand. The Puma brand produces footwear and apparel for sport, street wear and the

fashion market. The Puma brand also produces sport equipment. The Tretorn Group brand produces sports footwear and apparel.

In 2004 the total sales segmentation between footwear, apparel and equipment for the Puma brand saw footwear at the top with 66.1 per cent of total sales, apparel 27.2 per cent and accessories 6.7 per cent (Puma, 2006g). Today Puma is one of the world's largest providers of athletic footwear, apparel and accessories covering a wide range of sports globally.

6.7 Sponsorship

Right from the initial development stages of Puma, Rudolf's product was aligned with top Olympic athletes, starting in the late 1930s. The Olympic market was predominantly the market that Puma concentrated on in the earlier stages of its development and Puma products are still worn by Olympic athletes today. When the Olympic athletes wearing Puma products excelled and achieved at the games the product gained recognition and exposure, which assisted in the brand development. In the late 1940s the first Puma football was made and by 1952 Puma was the sponsor of the German national football team. For a large part of Puma's existence it has concentrated on the sponsorship of the Olympic Games, soccer and American football. Over time Puma has developed new product and entered new markets, covering a wider range of sports such as tennis, motor sports, basketball, boxing and rugby, to name a few. In 1999 Puma took up a sponsorship deal with the boxing sensation Oscar De la Hoya, which gave Puma a stronger hold on the boxing market. In 2005 Puma attained its first National Rugby Union asset, which was the talented and distinctive Manu

Samoa. This was classed as the perfect blend of on-field prowess and personality to represent the Puma brand (Puma, 2006f).

Today the Puma sponsorship covers a wide range of sporting codes from Olympic events to motor racing, thus the Puma brand is present in an array of different markets. For the first time in the company's history, Puma sponsored a national team that won the soccer World Cup Final; namely Italy, which has been one of the biggest achievements from a Puma sponsorship property (Puma, 2006e).

"Italy's victory is the glorious final of an incredibly successful World Cup for us", said Jochen Zeitz, Puma CEO (Puma, 2006e). It is believed that the football turnover rose by approximately 40 per cent compared to 2005, and the brand visibility that was gained at the World Cup not only strengthened, but clearly expanded, Puma's position as one of the top three football brands in the world (Puma, 2006e). Furthermore, Puma was the dominant kit supplier with 12 teams showing the strongest brand visibility on the pitch.

6.8 Strategic Direction

Puma is a strong global brand that has grown by venturing into various other markets through acquisitions, partnerships and increasing its product range, which has excelled in those markets. Today Puma is a global giant that has a vast range of product in sport and fashion and holds the strategic intention to continue to expand and to further establish itself as a global brand. This section will consist of introducing some of the major strategies used by Puma.

6.8.1 Initial concentrated growth

The initial stages of Puma saw the development of sports shoes for athletes at the Olympic Games and on the soccer field. As the firm grew, Puma expanded its production by producing footwear for a wider range of sports and covering a greater number of track and field events. The Puma brand gained great exposure in Germany, and when teams wearing Puma product competed internationally this exposed the brand in a market outside of Germany. Before long Puma was providing athletes and teams from various parts of the world with footwear, apparel and sports equipment, thus further expanding via entering new markets overseas and increasing its product range.

6.8.2 Internationalisation and growth

When Puma entered the international market its production increased considerably through supplying more athletes and teams with footwear and manufacturing new product for new sporting codes. Growth was also achieved through Puma forming a number of different partnerships and acquiring various firms, which strategically guided it into new markets and increased production.

6.8.3 Product development

In 1991 Puma began an exclusive alliance with Pittards, a premier leather-manufacturing company based in England, and in 2000 the firm entered a partnership with Porsche and Sparco to produce fireproof footwear for race car drivers. Furthermore, Puma was one of the first brands to mix sport and fashion, and in 1998 Puma collaborated with designer Jill Sander to launch a new footwear collection. This

was seen as Puma's first move into the sport/lifestyles market, which is a very competitive market and was subsequently entered by various competitor brands at later dates. In 2000 Christy Turlington and Puma jointly launched the Nuala yoga-inspired collection. Nuala instantly attracted high-end retailers, which brought Puma to the forefront of women's active wear. Puma launched another collection of footwear in 2004 by forming a partnership with world-renowned designer Philippe Starck, producing a revolutionary footwear collection. The above alliances were formed with the strategic intention of growing as a brand and aligning itself with well-known designers. This also opened up new doors and created further inroads into existing global markets for Puma to become a competitor in.

6.8.4 Growth through acquisitions

One of the earliest acquisitions took place in 1999 when Puma acquired its licensee Puma UK from Dunlop Slazenger and turned it into a wholly owned subsidiary. In 2001 Puma further extended its market by acquiring Scandinavia's Tretorn Group. This acquisition was a superior strategic move because it enabled Puma to gain a stronger foothold in the Scandinavian market and allowed the organisation to regain its own distribution rights in that area (Puma, 2006c). The acquisitions were formed once again with the strategic intention of growing as a brand and to create further opportunities to enter existing global markets for Puma to compete in, thus further establishing itself as a true global brand.

In 1993 a new CEO was appointed and he redefined Puma's corporate vision by focusing on regaining control of various markets and recruiting an all-star management team with a long-term business plan. This new business plan was developed because

Puma was not achieving what a firm/brand of its calibre was believed to be capable of. Phases I and II consisted of strategic innovations that would lead to Puma reaching €1 billion in branded sales (Puma, 2006b), with the intention to establish a solid financial footing. The goal of Phase III was to further explore the potential of the Puma brand by generating desirable and profitable growth (Puma, 2006b). At the beginning of 2006 Phase IV of Puma's business plan was launched, in which Puma had the long-term mission of becoming the most desirable sport lifestyle company in the world. To achieve this goal, Puma was to adhere to a clear set of guiding principles: Desirability, Sustainability, Product Lifecycle Management, Corporate Values, Organisational Excellence and Value Creation, and focus on three main areas: Category Expansion, Regional Expansion and Non-Puma Brand Expansion.

Phase IV was also the first time that the firm looked to selectively expand with brands other than Puma. Towards the end of Phase IV, non-Puma brands would contribute up to 10 per cent of overall business. Today, management defines the long-term company potential at €3.5 billion, a significant part of which the company planned to capture in the first five years (Puma, 2006g).

Puma is a strong global brand that has grown significantly throughout its extensive existence. It covers a wide range of sporting codes and is represented in a diverse range of sporting events. Puma has acquired several different sports brands and formed various alliances, which have enabled it to expand and control additional markets in various parts of the world. Today Puma is well-known for its innovative fashion, and commitment in providing top quality sports product to the consumer and to some of the best athletes and teams in the world.

6.9 Puma and the Resource- Based View

Through the inductive process of this project nine main themes appeared most in the interviews, namely, brand image, brand reputation, value, rareness, durability, inimitability, competitive advantage, history and heritage. Thus throughout the second part of this section the findings relevant to the above themes will be presented.

6.9.1 Brand image

Brand image is a resource that Puma holds in high regard, and great significance is placed upon its expansion and preservation to guarantee that a positive image is exposed at all times. “Brand image is important, and image comes as a part of our brand strategy, strategy to have a particular brand image” (Puma NZ, personal communication, 2006).

Brand image is perceived to be a major strength, if the retailer doesn't value your image they are, A, not going to buy from you and B, not going to sell it to the consumer, and secondly if the consumer doesn't regard your image, then you're not going to sell, so I think image is exceptionally important, we and Puma International work pretty hard on our image (Puma NZ, personal communication, 2006).

Puma have worked hard to maintain a positive brand image because a bad or negative brand image can kill a brand (Puma NZ, personal communication, 2006). “The day people stop perceiving your brand as to what it says it stands for, that's when you're in trouble” (Puma NZ, personal communication, 2006). Data from the interview suggests that this brand image is manipulated by sponsorship, media and product quality. Therefore the following section will identify how the above three factors can be considered to manipulate brand image.

6.9.1.1 Sponsorship

Puma is just like any other brand involved in various sponsorship deals that exposes its brand in particular markets. Puma New Zealand holds the sponsorship rights for the New Zealand Warriors League team. Sales of the merchandise fluctuates, which directly depends on whether the team is winning or losing.

“Puma gear hasn’t dropped or grown due to the Warriors, this year, because they haven’t won on the field, but their brand that we carry for them has dropped a little bit, because people don’t want to be seen in a Warriors jersey when they’re on a five losing streak, people want to be seen in their jersey when they’ve just come off two back-to-back wins, they want to be associated with a winning team” (Puma NZ, personal communication, 2006).

Grassroots League players, they want to be Awen Gutenbiel, they want to be Wairangi Kopu and they see the boots that they wear, and they go into Rebel Sport and they want those boots and that’s when their sponsorship comes into play, kids want to be like their idols so they wear the brand they wear, this is the same with Adidas, they have done a great job with the All Blacks through sponsorship, every single young boy or young girl who grows up and wants to wear a black jersey, all they see is the stripes, they want to be Joe Rococoko or they want to be Richie McCaw and Richie McCaw and Joe Rococoko wear Adidas, so straight off the back they go to Rebel Sport with their Mum and they want the Adidas boots, whether or not it’s because they like what Adidas does, or they think Adidas is a cool brand or whatever, it’s not about that, it’s about the fact that this incredible team that is known worldwide is with Adidas, and that rubs off on Adidas (Puma NZ, personal communication, 2006).

When a team that is held in high regard such as the Warriors wins, and continues to win, a positive image is developed; an image that people want to be part of. This image not only increases merchandise sales, it also rubs off onto the brand that is aligned with that team. Thus the brand also attains that image through association; in this case it is Puma with the New Zealand Warriors and Adidas with the All Blacks.

6.9.1.2 Media

Media was identified as a major component influencing consumers' perception of a particular brand. An example was expressed in the interview about how negative media can tarnish a brand's perception. This example was not about Puma; it was about the Nike sweatshop issue.

Well, an image is exceptionally important, you have a look at fellow brands in the last couple of years that were in the media for child labour problems, and the uproar about that and the dramatic drop in sales globally that affected them, the brand got the image of child labour, most of the times when I've gone out to AUT and watched the people talk that have been AUT students at Puma, there is always one person in the crowd that at the end, regardless of what their assignment is on will ask about child labour, and they always bring up Nike, they'll always say like Nike, with the child labour, does Puma have that.

Findings suggest that negative media about a company will have a negative influence on the firm's brand image. If the issue is considered to be quite severe, the scale of damage that negative media will inflict on the brand can also be considered to be quite severe.

6.9.1.3 Product quality

Puma believes one of the main operations of its firm is product quality. Puma is very conscious about the quality of its product and place a significant importance on the product quality that is distributed to its sponsored teams, athletes and to the consumer. "We've got to be the innovators, we've got to stay ahead in the market, and we've got to make sure that our product is better, new, different and quirky" (Puma NZ, personal communication, 2006).

Puma's always had quality products, one of our main things has always been on quality, I'd put it down to technology, fabrication and moisture management, you know years ago on the rugby field they'd just wear cotton jerseys, and now you look at what goes into a team and jerseys are individually fitted to players, to their requirements (Puma NZ, personal communication, 2006).

Not only does Puma produce quality product for sports consumers — athletes and teams — they place a large focus on fashion. Puma likes to be different; as stated above, it wants to be an innovator, it wants to be the leader in the market and bring out the new flashy product.

When it comes to fashion we're a little bit ahead of it, we kind of wear things that are different, kind of mix it up, I know you're always going to get the sheep that follow what everyone else is doing, it's a good testing ground, New Zealand, and I think that ties in really well with Puma, because we do some different stuff, we do, do some quirky stuff... over here, people go wow that's really different, that's really cool, that's so Puma it works for us (Puma NZ, personal communication, 2006).

Puma has an extensive sports background, and quality product has always been one of its main priorities within this market. It is believed that technology and fabrication allow Puma to innovate and increase the perception of Puma's product quality. Traditionally, it is a sports brand; that's the brunt of its business. Puma has been such an innovative brand since the 1940s and its history/heritage plays a big part in this. Puma mixes influences from sport and takes it into a lifestyle market and mixes it with its heritage.

6.9.2 Brand reputation

Puma holds an extensive and proud brand reputation that has developed and evolved over a period of 85 years. Brand reputation is perceived to be a major strength and has assisted Puma in its growth.

Brand reputation is definitely a strength of ours, you can never forget your roots, and you know in this day and age, heritage, vintage, things like that are very, very important, and you'll see a lot of the retro look and inspired look coming back, ultimately we're a heritage company and we're a sports company and you can't forget that (Puma NZ, personal communication, 2006).

Puma has a strong reputation that has developed over many years through providing quality product to top athletes and sports teams that have excelled at their sports. Puma also plays a big part in the whole retro-vintage look and are well-renowned for that. Puma has a long existence that extends more than 80 years; this suggests that their operations over this time have shaped and developed a strong brand reputation.

6.9.3 Valuable

The intangible resource, brand image, is identified as an “absolute” strength of Puma and the importance the firm places on its brand reputation is of the highest significance. For a resource to be considered important or beneficial to a firm, it must be valuable or enable the creation of value. Brand image and brand reputation are identified as holding major importance within the Puma organisation. Therefore those resources are held in high regard and considered to hold substantial value within the organisation.

6.9.4 Rare

Puma considers itself to be different. It tries to be different by being the brand that “mixes it up” through taking influences from sport and mixing it with lifestyle and also mixing it with its heritage. “We’re big on quality, we’re big on mixing it up, we’re big on coming up with different things, quirky things, things that people look at and go “oh, that’s just out there” (Puma NZ, personal communication, 2006).

It would be stupid of us to compete with Adidas and Nike, they’re so big, so we don’t really see them as a competitor, we see them as a fellow brand, and we don’t try to be better or anything like that we just try to be different, so that’s really our strategy, is not to compete, just to be Puma and stand there and stand alone (Puma NZ, personal communication, 2006).

Puma has identified that it is hard for its brand to compete in the market, thus its strategy is simple: to be different. Puma is well-known for a style and fashion that is significantly different from its competitors, therefore it has developed an image for its brand that reflects that distinctiveness. Puma’s strategy is to be different, thus create a different brand; the Puma brand. Consequently this suggests that the Puma brand is rare. However, even though Puma has established a clear distinction between itself and its competitors, this does not necessarily mean its brand image will consistently be rare. This concept will be further discussed in the discussion section.

6.9.5 Durable

A consistent brand image over time is identified as being “very important” (Puma NZ, personal communication, 2006). When a brand’s image is not consistent, consumers can receive bad perceptions or a bad experience about a certain brand (Puma NZ, personal communication, 2006). Although times have changed Puma has not, it has

maintained its history, heritage and brand image and it continues to compete in the market (Puma NZ, personal communication, 2006). Therefore this indicates that the intangible resources of the Puma brand are durable.

6.9.6 Inimitable

The Puma brand image is considered different, and it is believed that its competitors would love to have some of those elements but simply cannot. In most firms there are elements that competitors can and cannot copy.

You can try to copy, don't get me wrong you can try to copy it, but will you never be them, or will you never be their brand strategy, so you could start up a company today copying everything that Reebok's done, you could copy their marketing plan, you could copy everything, but you'll never be them, because there's only one Reebok, there's only one Puma, there's only one Adidas, you can copy their strategies designs but you cannot be them (Puma NZ, personal communication, 2006).

As stated above, it is further supported that there are some things about a brand that you just cannot copy. Some of the most important intangible resources are developed over years of existence and are specific to that brand, thus competitors just cannot copy what has been developed over years of existence.

6.9.7 Competitive advantage

Various resources hold the potential to establish a CA. These resources have the potential to vary among firms but it is important to identify and manage these resources appropriately. Puma believes its brand can lead towards a CA through its technologies. Puma believes the technology it has is producing some of the better active wear and clothing fashion available and it is this product that is influencing the image of Puma

(Puma NZ, personal communication, 2006). Puma believes the technology that is being directed at its product range is of technical and fashionable excellence, which is placing it apart from its competitors and portraying an image that consumers enjoy (Puma NZ, personal communication, 2006).

6.9.8 History

History appears in the Puma interview as a theme that is held in high regard. Puma has a vast and powerful history that dates back to the 1920s when Rudolph Dassler partnered up with his brother Adolph to provide quality footwear for elite athletes. When this partnership split, Rudolph formed the brand Puma, establishing a separate brand and creating its own history.

Puma has always been such a “sneaker-freaker” brand of the 40s 50s and 60s and history plays a big part in this, the advantage that Puma has over its competitors is that its history goes back a lot longer than most of their competitors, we can go back that little bit further than a lot of the other brands, that try to do a heritage, vintage range but there’s no story behind it, because they’ve only been around for the last ten years, and saying “established 1998” isn’t as cool as going back to the Puma and Adidas days (Puma NZ, personal communication, 2006).

For over 80 years Puma has been a huge contributor in the world of sports on every level, delivering high-tech sports footwear, apparel and accessories (Puma, 2006b). Today Puma is a global leader in the sporting goods industry and offers a broad selection of products in virtually every country of the world. Puma believes that its extensive history allows them to go back a little further than its competitors and is an important advantage of the brand.

6.9.9 Heritage

Heritage is a theme that appears in the Puma interview as an essential resource. It is alleged to be an advantage Puma has over its competitors (Puma NZ, personal communication, 2006). Traditionally Puma is a sports brand, which can be identified as the strength of its business. Where Puma believes it succeeds is in the way it mixes influences from sport and takes it into a lifestyle market and mixes it with its heritage (Puma NZ, personal communication, 2006).

Puma was founded in 1948 as a stand-alone company, and I guess that's where a lot of Puma's heritage comes from as well as the boot factory that was declared Rudolph's after the split from his brother, you'll see today a lot of the Rudolph Dassler range that goes into the likes of the workshops in New Zealand, the funky black station boots and stuff like that, that's our heritage coming through Puma claims they have never lost touch of their heritage and it is still very much so a major strategy of theirs to associate and use their heritage to their advantage (Puma NZ, personal communication, 2006).

Puma claims it has never lost touch with its heritage and it is still very much a major strategy to associate and use its heritage to its advantage. Heritage is also a resource that is developed over time and is specific to a particular firm. The strong Puma history allows the firm's brand to select historical aspects such as heritage and incorporate them into a lot of its operations, thus supporting the strategy of being a rare, stand-alone brand.

6.10 Summary

In summary, Puma is a company that has an extensive existence dating back to the 1920s. Through the decades the company has expanded in growth and continuously developed a strong brand and as it has entered new markets and increased its product

range. Further growth was achieved when Puma acquired other brands and formed various alliances with the strategic intention to grow as a brand and to align itself with world-class designers, thus entering new markets.

Today Puma is a global giant and is found in nearly every part of the world. It was stated in the interview that Puma New Zealand places great significance on the brand image and brand reputation of the firm. The two resources are managed with the highest priority and all operations within the firm have the direct consideration of protecting and maintaining those two resources. The interview also identified that various characteristics of SCA and the RBV hold great significance for Puma. Findings suggest that brand image and brand reputation can hold the characteristics of rareness, value, inimitability and durability. Furthermore, uncovered in the interview were the development of new and important themes, namely history and heritage. Puma has a proud and extensive history that plays a huge role in its strategic development today, and it incorporates its heritage into the operations of the firm.

CHAPTER 7

CANTERBURY CASE STUDY

7.1 Introduction

The Canterbury brand dates back to the late 1880s yet it wasn't until 1904 that Canterbury of New Zealand was formed. Canterbury is a brand that stands alone and is the only brand in the world to have a singular focus on rugby. Canterbury of New Zealand started by manufacturing rugby jerseys that were well-recognised for their toughness, comfort level and style. It is a local New Zealand brand that has expanded into new markets overseas. Canterbury is a well-known and respected brand that endeavours to change its focus without forgetting its roots. This chapter provides background information about Canterbury before presenting information from the secondary data collection and the interview conducted with Canterbury.

7.2 Background of Canterbury

Canterbury of New Zealand had its beginnings in the late 1880s but it wasn't until 1904 when two family companies joined forces that the foundations of the Canterbury of New Zealand brand were laid (Canterbury, 2006a). For many years Canterbury of New Zealand was a major part of the Lane Walker Rudkin group of companies and was formed to market the Canterbury of New Zealand brand (Canterbury, 2006b).

Canterbury owns a single brand; it does have major competitors but it is the only brand in the world to focus solely on rugby apparel. Canterbury of New Zealand started by manufacturing rugby jerseys which were well-recognised for their toughness, comfort and style. Canterbury of New Zealand built its foundations in club rugby, at the grass

roots level of the game, and made its jerseys so well that a positive word about the product was passed on to other rugby-playing nations (Canterbury, 2006a). This positive perception assisted Canterbury in venturing into new rugby-playing markets such as Australia, Scotland, Fiji, Japan, South Africa and Ireland. Canterbury of New Zealand jerseys found their way all over the world, including to North America where they became just as desirable off the field as on it. During the late 1970s the Canterbury of New Zealand jersey became a hot item in the North American casual wear market, which assisted in the developments to launch the lifestyle product range (Canterbury, 2006b).

Today the brand is recognised as the number one rugby apparel brand in the world. Without forgetting its roots, Canterbury has strategically planned not only to be known as a rugby brand but to be a lifestyle brand as well.

7.3 Organisational Structure

For many years Canterbury was a brand that operated in New Zealand only. As time passed, the brand's rugby jerseys were exported to rugby-playing nations, and as the high-quality name of Canterbury spread the demand increased. Today the brand is distributed widely around the world, primarily focusing on rugby-playing nations (Canterbury, 2006a). While the global head office is based in Manchester UK and the New Zealand office is based in Auckland, there are now operations in: Brisbane; Cape Town and South Africa. The brand is also manufactured and marketed in Japan under licence by Canterbury of New Zealand Japan (Canterbury, 2006a).

7.4 Brand

The Canterbury brand consists of one logo, which is the three Cs. This logo resembles the New Zealand flightless bird the Kiwi in the three Cs. For an extensive part of its existence the Canterbury brand only manufactured product for the rugby-playing code. It was not until the late 1970s that Canterbury recognised the potential to enter the lifestyle market, and it was only recently that the first innovations were created to enter this market, which was done under the same brand and logo.

Canterbury has also recognised the potential for its brand to enter into the fashion street wear market and will consider doing so in the near future. This new direction will also be done under the same brand and logo.

7.5 Market History

The Canterbury of New Zealand head office is located in the Canterbury province of New Zealand. Canterbury first started by making rugby jerseys, with a single focus of the rugby market. As the brand grew and a positive word went out about its quality product a lot of sales were made overseas, and from there the Canterbury brand developed product to enter the footwear and apparel market.

The Canterbury brand has always been recognised as a New Zealand brand because of the name, yet a lot of this recognition has come from the sponsorship of the All Blacks that has continued for quite some time. Canterbury has also placed a large emphasis on the grass roots level of the game via sponsorship and continues to do so today. When the sponsorship of the All Blacks was lost to the global giant Adidas, the Canterbury

brand lost its New Zealand international rugby property. Since then, Canterbury has entered new rugby-playing markets to gain the benefits of sponsorship. Canterbury ventured overseas to enter new markets and managed to secure a sponsorship deal with the Australian national rugby team and ventured on to secure contracts with the Scottish, South African and Irish national rugby teams also.

From this exposure and the strong tradition Canterbury had in the rugby market, it identified the potential the brand held and believed that there was a significant opportunity to enter new markets. Thus the idea of entering the lifestyle market and the fashion street wear market became a feasible strategy.

Canterbury of New Zealand started as a rugby brand and has placed a large emphasis on this sport and primarily focused on the New Zealand market. As the brand has developed and gained more recognition, it has entered new markets and extended its product range.

7.6 Products and Competitors

Canterbury's main competitors are all the global brands in each of the three markets. In the sports market its direct competitors are perceived to be Adidas, Puma and Nike, which are well-recognised and well-established global sports brands (Canterbury NZ, personal communication, 2006). In this market Canterbury offer footwear, apparel and equipment. In the lifestyle market Canterbury offer apparel and their direct competitors are perceived to be Gant, Nautica and Colorado (The Canterbury brand 2006).

7.7 Sponsorship

Canterbury of New Zealand initiated its foundations in club rugby, and still today places a large importance on the grass roots level of the game. Canterbury holds various sponsorships with teams in the Air New Zealand cup and the domestic competition. The Canterbury brand is distributed widely around the world, primarily focusing on rugby-playing nations and is recognised as the number one rugby apparel brand in the world (Canterbury, 2006a). Canterbury has ventured into new markets by aligning itself via sponsorship with high-profile international sides such as Australia, South Africa, Scotland, Ireland, Fiji and Japan (Canterbury, 2006a). These international sponsorships have provided the connection and opportunity to further establish the brand within these countries by entering their domestic rugby competitions through providing these teams with sponsorship. Therefore, in venturing overseas to establish further sponsorship properties Canterbury has not only created the opportunity to align the brand with the international teams of various countries but also created an inroad into their domestic competition.

Canterbury has also held the sponsorship contract with the New Zealand domestic netball competition for seven years, thus expanding by entering a market that was not its primary focus. Canterbury no longer has this sponsorship contract but still supports netball via sponsorship at the grass roots level.

7.7 Strategic Direction

Without forgetting its roots, Canterbury strives to be a leading Australasian lifestyle/active wear and team wear brand delivering profitability to all stakeholders

(Canterbury, 2006a). It also wants to be recognised as an inspirational brand with a strong heritage in rugby that has lead on to the development of quality lifestyle wear (Canterbury, 2006b). This section will consist of introducing some of the major strategies used by Canterbury.

7.7.1 Initial concentrated growth

As stated previously, through much of its existence Canterbury has purely been a rugby-only brand that has made rugby jerseys and developed the reputation of providing the world's toughest active wear. From there Canterbury moved into rugby apparel and equipment, thus expanding but staying within that market. Right from the initial stages of its existence Canterbury's product has been directed at the male consumer. Canterbury stayed within its niche for a large part of its existence and, once the reputation of quality product leaked out to other parts of the world, Canterbury made its first step into other overseas markets.

7.7.2 Internationalisation and growth

Rugby is a big market globally and has provided great opportunities for Canterbury. Canterbury made its first step towards becoming a global brand when it started to provide other rugby-playing nations with its product. This strategic progression into the overseas market was a fundamental advancement in growth for the brand. As the years passed Canterbury entered new countries and today it holds the sponsor rights to Australia's, South Africa's, Scotland's, Ireland's, Fiji's and Japan's international rugby teams (Canterbury, 2006a).

7.7.3 Product development

Although the rugby market was profitable and the brand was well-established, holding a strong global position in that market, Canterbury believed that expansion into new markets was crucial for long-term survival (Canterbury NZ, personal communication, 2006). Therefore the potential to venture into new markets was recognised and a strong strategic step towards the lifestyle and street wear market was taken. Canterbury saw a strategic opportunity to become a brand that bridged the divide between lifestyle and active sportswear (Canterbury, 2006b). It is believed that its heritage and credibility in sportswear and presence in essentials and lifestyle wear makes it uniquely positioned to take advantage of this opportunity. Furthermore, the opportunity to create signature items that extend from Canterbury's sportswear tradition into street wear and broader lifestyle fashion segments has been identified and innovations have been initiated to enter this market. While the growth of lifestyle clothing market has proved to be a significantly positive market for the firm to enter, to be successful off the field Canterbury of New Zealand has recognised that it must continue to be the champions on the field (Canterbury, 2006a). No other apparel firm in the world has the same singular focus on rugby as Canterbury of New Zealand (Canterbury, 2006a). At present, Canterbury's customers are 75 per cent male and 25 per cent female. With the new innovations into new markets, the future aim for this brand is for its customers to be 60 per cent male and 40 per cent female (Canterbury, 2006b).

7.8 Canterbury and the Resource-Based View

Through the inductive process of this project ten main themes appeared in the interviews, namely brand image, brand reputation, value, rareness, durability, inimitability, competitive advantage, history, heritage and authenticity. Thus

throughout the second part of this section the findings relevant to the above themes will be presented.

7.8.1 Brand image

Brand image is a resource that Canterbury holds in high regard and great significance is placed upon its development and maintenance to ensure that a positive image is exposed. “We perceive brand image to be a major strength of ours, that is what we kind of hang our hats on I mean in terms of our brand image, that’s just absolutely key” (Canterbury NZ, personal communication, 2006).

As stated above the Canterbury brand initially entered the rugby market by manufacturing rugby jerseys and as this market developed Canterbury started to manufacture various other rugby products. Right from the early developments Canterbury has very much had the image of a rugby brand. Data from the interview suggests that this brand image is manipulated by sponsorship and the product quality of Canterbury. Therefore the following discussion will identify how the above three factors can be alleged to manipulate brand image.

7.8.1.1 Sponsorship

One of the strongest and most positive sponsorship properties Canterbury has held is the sponsorship of the New Zealand All Black rugby team, which spread out over a number of years. This alignment reinforced its New Zealand heritage and its strong affiliation with and dedication to rugby. It was believed that:

The All Black connection that brought about a no nonsense kind of brand, and at the time we were sponsors the All Blacks were an uncompromising team which

was dominating world rugby causing havoc all over the world and we were aligned with that property and as such it had a element that rubbed off on us, that uncompromising hard nosed property and as such we have taken those properties on as well almost by default (Canterbury NZ, personal communication, 2006).

When Canterbury sponsored the All Blacks, this team created an image as an uncompromising hard-nosed team that was full of success. The image that was created by the All Black team transferred onto the Canterbury brand. Therefore through the involvement Canterbury had via sponsorship certain aspects of the All Black team's image became the image of the Canterbury brand.

Years later Canterbury lost the sponsorship of the All Blacks but it believed it still needed to have that presence of being primarily a rugby-focused brand. Therefore Canterbury established a number of rugby sponsorships domestically with the Air New Zealand Cup, and on the international stage with Ireland, Scotland, Australia and South Africa. Therefore, it maintained the image of a true rugby brand.

Association via sponsorship with elite teams provides a positive perception for the consumer. "People want to be like their sports stars and they see them with the Canterbury logo on, so then we hope they go and buy Canterbury product" (Canterbury NZ personal communication, 2006).

The whole significance of sponsorship is that you have positive teams, events or personal that's going to have positive benefits for you brand. If a brand is aligned via sponsorship to a positive property that is developing a positive image, an image much the same will transfer onto the sponsorship provider establishing optimistic benefits.

7.8.1.2 Quality product

Canterbury is constantly trying to expand its portfolio of products, using the perception of its product as tough and indestructible and applying those same concepts into the lifestyle market. “Good product you know and trust...real clothes for real people that's what we believe in”. (Canterbury NZ personal communication, 2006).

That the whole NZ southern hemisphere aspect to clothing is very hot right now from a lifestyle point of view, so, our UK colleagues are driving some really smart initiatives out of the UK and getting some major success with placing products in the states (Bloomingdales), (Fred Seagulls) and Harrods in the UK, so that shows the extent of calibre of how the brand is seen and perceived (Canterbury NZ personal communication, 2006).

The quality of Canterbury's lifestyle product is not questioned due to the fact that Canterbury maintains a positive perception towards its product and has done so well over the years within the rugby market. Therefore this has started to unfold into the lifestyle market.

You have got to make sure that the product you are taking to market is of the right calibre you claim to have, and I mean for argument's sake lets say we take on the qualities of Canterbury for being hard almost indestructible gear, if we had a situation where we released a range to market that effectively had a manufacturing fault and it went far and wide, we would have just started to unpick our own history in terms of heritage, authenticity, and hard working gear for everyday people, I think absolutely it has an effect but I think its more brand image of things such as product (Canterbury NZ personal communication, 2006).

Product quality has always been a strong point for Canterbury, which has established the perception of its gear as hard and almost indestructible. Canterbury prides itself on product quality and is adopting the same philosophies into its lifestyle product.

7.8.2 Brand reputation

Canterbury of New Zealand has an extensive brand reputation that has evolved over a period of 100 years. This intangible resource has a great importance within this organisation and is perceived to be a major strength.

Canterbury have the reputation of being one of the most indestructible sports brands certainly in NZ if not the world and that is what we pride ourselves on, it then allows us to build a story to the Canterbury brand but if you are talking lifestyle which we have done all the way through here but we can then adopt the same kind of philosophies for hardwearing and indestructible gear back into our lifestyle programme (Canterbury NZ personal communication, 2006).

Canterbury carries the slogan next to their name “the world’s toughest active wear”, which has been developed from their product performing time and time again on the playing field. Therefore, the emphasis Canterbury places on product quality shapes its reputation. The development and strength of its reputation allows Canterbury to incorporate it into other areas. A strong reputation is something an organisation can rely on and use to its advantage.

In terms of reputation, brand understanding from a consumer point of view, we see a major relevance obviously to ensure that they’re the fundamentals of our brand in terms of consistency, authenticity and heritage you know good product, for effectively real clothes for real people that’s part of our kind of tag line and we have had to build on those previous successors where we have fallen away in the market and rebuild ourselves we have had to reinvent ourselves to an extent so we are still picking up on the core strengths of ours to get ourselves back up there” (Canterbury NZ personal communication, 2006).

Canterbury has established the brand reputation of being the world’s toughest active wear because its product has succeeded on the playing field for so many years. Canterbury has maintained its brand reputation through being consistent with its operations. The strong reputation that Canterbury has created is an essential resource

that can provide vast benefits in terms of stability and dealing with changes in the environment.

7.8.3 Valuable

The findings identify that the two intangible resources of brand image and brand reputation are major strengths of Canterbury. Both resources are described as being absolutely key, as they are what Canterbury hangs its hat on (Canterbury NZ personal communication, 2006). Furthermore, Canterbury holds the brand reputation of having one of the most indestructible sports gear products, certainly in New Zealand.

Brand image and brand reputation are identified as holding significant importance within the Canterbury organisation. The resources are held in high regard, and deemed to hold considerable value within the organisation. Canterbury prides itself on its brand image and brand reputation, therefore they hold considerable value within this organisation.

7.8.4 Rare

Canterbury is a brand that is quite unique and rare because there are no other brands in the world that are the same. The brand is believed to be rare and fundamentally unique in terms of what it is and where it is, and in terms of global positioning (Canterbury NZ, personal communication, 2006), thus Canterbury positions its brand uniquely.

I steer back to the whole history and heritage of the brand, I could ask you the question of when you think of NZ rugby who do you think of, do you think of Adidas or Canterbury, from our research from other people, they see us as having a great affiliation with rugby, that is who we are, what sets us apart is

our 102 years' existence and we have been around for a long time (Canterbury NZ personal communication, 2006).

No other brand has the primary focus of predominantly being a rugby brand. Canterbury has had this focus since its initial development. It has a considerable history within the rugby context and its 102 years of existence sets it apart from its competitors. None of Canterbury's competitors have the same focus in the rugby market, so these distinctions suggest that its brand is different from its competitors. Therefore the Canterbury brand can be perceived to be rare within its market. However, although Canterbury establishes a clear distinction between itself and its competitors, this does not necessarily mean its brand image will consistently be rare. This concept will be further discussed in the discussion section.

7.8.5 Durable

Canterbury identifies that a consistent brand image over time is absolutely key. When a brand's image is not consistent, consumers can receive bad perceptions or a bad experience from a certain brand (Canterbury NZ personal communication, 2006).

Canterbury believes this comes down to being consistent in all that it does. Although times have changed, Canterbury has not; it has maintained its history, heritage and brand image and it has continued to be a major competitor in its markets (Canterbury NZ personal communication, 2006). Canterbury has maintained these important intangible resources and continues to exist in the market. Therefore this would indicate that the important intangible resources of the Canterbury brand are durable.

7.8.6 Inimitable

The Canterbury brand is considered rare and it is believed that competitors would love to have some of those resources but simply cannot.

I think our competitors would love to have some of our elements, which you can't simply buy, you have got to been there and done that, like some of our associations with the All Blacks, I think there are elements to us as a brand that I think, you simply can't imitate, only time and history allows you to have some of those more important intangible aspects to your business, I think a lot of brands would like to have those and a lot of them do, but in terms of being around for over one hundred years, for some of the people that we are competing against, within the NZ market such as Hallensteins they simply can't touch us on authenticity, history and heritage (Canterbury NZ personal communication, 2006).

As stated above some resources cannot be copied. Some of the most important intangible resources are developed over years of existence and are specific to that organisation. Competitors just cannot copy what has been developed over the past one hundred years and it is stated quite clearly above that you have to have been there, done that to have those resources. Because those resources cannot be copied, they are specific resources to that particular firm, thus suggesting they hold the characteristic of inimitability.

7.8.7 Competitive advantage

Various resources hold the potential to establish a CA. These resources should be identified and managed diligently to achieve their full potential. “When we talk about history and authenticity, heritage and all those intangible components to the brand, how does that relate to use in terms of having a success, well it shows we have stickability in the market” (Canterbury NZ personal communication, 2006). To show the importance of history the interviewee indicates the following.

Yes, absolutely, I believe we can gain a competitive advantage there, again it comes through a point of who we are and where we are positioned in the market place, and there is quite an understanding to who we are where are we going what we do, and I think that sets us aside of our competitors, and I like to think that gives us a leading edge as well, we're not the cutting edge in our fashion and we have never claimed to be, but in terms of competitive advantage, I like to think the technology that we bring to the market and plus the brand understanding from a consumer point of view, so that will give us an advantage (Canterbury NZ personal communication, 2006).

It is important to understand that not all resources will attain a CA, thus it is imperative that advantage-creating resources are managed correctly and strategic plans are put in place to maintain the resources and utilise their full potential.

7.8.8 History

History is a theme that appears in the Canterbury interviews as an important resource that is fundamentally unique to the brand (Canterbury NZ personal communication, 2006). What sets Canterbury apart from its competitors is its 100 years' existence; the fact that it has been around for a long time. Who Canterbury are and its global positioning steers back to the whole history of the brand (Canterbury NZ personal communication, 2006).

When we talk about history, authenticity and heritage and all those intangible components to the brand, how does that relate to use in terms of having success, well it shows we have stickability in the market (Canterbury NZ personal communication, 2006).

History is developed over time and only firms that have been around for a while will develop and then benefit from this resource. Canterbury has a strong history that has developed right from the early stages of its existence. It has developed this history from continuous excellence in all its operations, which directly reflects on the brand. It is

important to understand that a strong and well-managed history is a powerful resource for any firm. It provides strong credibility and a positive background to the brand.

7.8.9 Heritage

Canterbury is a significant brand that is perceived to be fundamentally unique in terms of what it is, where it is, and in terms of global positioning. Canterbury believes this steers back to the whole history and heritage of the brand (Canterbury NZ personal communication, 2006). It is stated above that the long history of the firm creates several important intangible resources.

Canterbury has always maintained a considerable and powerful history, which has resulted in the firm's brand being able to use selected historical aspects such as heritage and applying it in both sporting and lifestyle product. This has led to Canterbury being one of the four leading sports brands in New Zealand.

7.8.10 Authenticity

Authenticity is another theme that appeared quite frequently in the transcribed data. Canterbury believes authenticity is a major strength that assists in providing the success it has had in the market (Canterbury NZ personal communication, 2006). Authenticity is a resource that has aided the Canterbury brand in establishing success in competition.

7.9 Summary

In summary, Canterbury is a brand that holds an extensive and proud existence of more than 100 years. Canterbury's primary focus places it as a brand quite unlike any other, which through the majority of its existence has been purely a rugby-focused brand. The initial stages of Canterbury saw the development of playing jerseys only, for the rugby code. The jerseys that were developed were of technical excellence and attained the reputation of providing the world's toughest active wear. From there Canterbury moved into rugby apparel and equipment, thus expanding but staying within that market. Due to reasons of survival it developed lifestyle clothing, thus moving into the lifestyle market. Today the brand has operations in various parts of the world, primarily focusing on rugby, and is making a strong opening in the lifestyle market.

The interview that was conducted with Canterbury identified that Canterbury New Zealand places great significance on its brand image and brand reputation. The two resources are managed with the utmost care and all operations within the firm have a direct consideration in shielding and maintaining these two resources. The interview also identified that various characteristics of SCA and the RBV hold great significance for Canterbury. Furthermore, uncovered in the interview was the development of new and important themes, namely history, heritage and authenticity. Canterbury has a proud history that incorporates more than 100 years' existence, which plays a vast role in its strategic developments today. This considerable history has allowed Canterbury to use historical components such as heritage and develop them into other aspects of the firm. Authenticity has also been established as being of significant strategic importance within Canterbury as it strives to be authentic and never forget its roots, thus hanging onto its heritage.

CHAPTER 8

FOCUS GROUP FINDINGS

8.1 Introduction

The final findings chapter of this thesis will consist of the findings from the focus groups conducted with AUT third-year sports marketing students. Two focus groups were conducted, each consisting of six participants. This chapter adopts a similar approach to the previous findings chapters by organising the findings under themes, namely brand image and brand reputation as explained in Chapter 4. This chapter uses nine tables to present some of the comments made by the participants with a brief discussion about these findings. This chapter will start with presenting the findings for brand image, which is followed by brand reputation.

8.2 Brand Image

Brand image is a powerful resource which is important within all three firms. To establish the image of the three brands the participants were asked what came to mind when they thought of Adidas, Puma and Canterbury. The answers to these questions are presented in three different tables below. Table 8.1 explains that when participants of the focus groups thought of Adidas they thought of the brand's sponsorship properties and quality product. Table 8.2 explains that when the participants thought of the Puma brand they thought of product quality from a fashion sense and its sponsorship properties. Table 8.3 explains that when participants of the focus groups thought of the Canterbury brand they thought of its sponsorship properties, the markets it operates in and its product quality.

Table 8.1: “When you think of Adidas what comes to mind?”.

Major themes	Sub Themes	Comments
Brand Image	Sponsorship	“All Blacks”.
		“All Blacks”.
		“Missy Elliot”.
		“I think of soccer because it is a huge soccer label”.
		“The first thing that came to my mind was the All Blacks”.
		“The All Blacks”.
		“I don’t particularly associate Adidas with any teams well apart from the All Blacks”
	Product Quality	“And good quality”.
		“Good quality”.
		“Quality. It’s really easy to wear also and comfortable”.
“I think a really good brand, because it’s well-known with teams and players and stuff like that”.		
“I think of sports shoes”.		
	“Good quality because I have had a few different brands I have worn and it seems to be the best quality I think”.	

Table 8.1 shows the participants’ responses to the question “*When you think of Adidas what comes to mind?*”. The aim of this question was to identify what comes to mind when the participants think of Adidas, therefore their immediate perception of Adidas. The major theme of this table is brand image, and when participants were asked this question various answers were expressed. However, the answers were presented under two sub-themes, namely sponsorship and product quality.

The comments that were placed under the sub-theme sponsorship were comments that referred to one of the sponsorship properties of Adidas such as “The All Blacks”, “soccer” and “Missy Elliot”. When these participants thought of Adidas they aligned it with one of its sponsorship properties or a sport that is sponsored by Adidas. The comments that were placed under the sub-theme product quality were comments that

related to the quality of the product. When these participants thought of Adidas they thought of “quality product” and “a really good brand”. Therefore the immediate perception of Adidas was elite sports or sports teams, famous personnel and quality product.

The participants were then asked “if you saw a guy walking down the hall with Adidas pants and shirt what would you think?” This question received comments such as “Wow he is an All Black” and “He is into his sports”; to an extent this reflects the findings above.

Table 8.2: “When you think of Puma what comes to mind?”

Major themes	Sub Themes	Comments	
Brand Image	Product Fashion	“Shoes”.	
		“Cool shoes”.	
		“They are more like street clothing, as opposed to actual performance”.	
		“Yeah it’s really retro style yeah”.	
		“Yeah I agree really retro”.	
		“Yeah they are stylee”.	
		“It’s more street wear isn’t it”.	
		“They have quite a range of clothes too”.	
		“Really colourful and more variety as in street wear”.	
		“You wouldn’t wear it if you wanted to be an athlete, its not really performance type gear”.	
		“I like them because they look good, not because someone is wearing them”.	
		Sponsorship	“I think of the Warriors”.
			“The Warriors, they sponsor the warriors”.

Table 8.2 shows the participants’ responses to the question “*When you think of Puma what comes to mind?*”. The aim of this question was to identify what comes to mind when the participants thought of Puma, therefore their immediate perception of Puma. The major theme of this table is brand image and when participants were asked this question various answers were expressed. However, the answers can be presented under two sub-themes also, namely product quality and sponsorship.

The comments that were placed under the sub-theme product quality were comments that related to the quality of the product. When these participants thought of Puma they thought of “retro gear”, “style and colourful gear”, and “cool shoes”. The comments that were placed under the sub-theme sponsorship were comments that referred to one of the sponsorship properties of Puma. When these participants thought of Puma they aligned it with one of its New Zealand sponsorship properties. Therefore the immediate perception of Puma was its product quality that has a fashion sense and the top league team in New Zealand, the Warriors. However, more participants recognised Puma for its quality product than from its sponsorships. The participants were then asked “if you saw a guy walking down the hall with Puma pants and shirt what would you think?”. This question resulted in answers such as “fashion conscious I would say” and “a more casual type of person”.

Table 8.3: “When you think of Canterbury what comes to mind?”

Major themes	Sub Themes	Comments
Image	Sponsorship	“Canterbury sponsored our secondary schools teams All our school teams were kitted out in Canterbury, I kind of associate it with elite sport in New Zealand”.
		“In rowing at school all teams had the Canterbury gear and rugby had their jerseys”.
		“They sponsor the Wallabies rugby jerseys but it has kiwis and stuff on them”.
		“You see more Australian teams sponsored by them”
		“The State of Origin is sponsored by them”.
		“I remember watching a super 14 game here and it was the Canterbury crusaders versus the Bulls from South Africa and the Bulls had Canterbury all over their jerseys”.
	Market	“I think older people”.
		“Kind of middle aged”.
		“Rugby”.
		“Mainly rugby”.
		“Rugby union”.
		“Yeah but I think it’s more like my dad’s sort of age group, for some reason I don’t know why”.
		“I think it is for people that are quite old”.
	Product quality	“I think classy rugby jerseys”.
		“Tough rugby jerseys”.

Table 8.3 shows the participants' responses to the question "*When you think of Canterbury what comes to mind*"? The aim of this question was to identify what came to mind when the participants thought of Canterbury, therefore their immediate perception of Canterbury. The major theme of this table is brand image, and when participants were asked this question various answers were expressed. However, the answers can be presented under three sub-themes, namely sponsorship and market and product quality.

The comments that were placed under the sub-theme sponsorship were comments that referred to the sponsorship properties of Canterbury, such as "secondary school sponsorship" and various rugby union and rugby league teams. When these participants thought of Canterbury they aligned it with one of its sponsorship properties. The comments that were placed under the sub-theme market referred to the market Canterbury was perceived to be in. When these participants thought of Canterbury they thought of an older population and the rugby market. The comments that were placed under the sub-theme product quality were comments that related to the quality of the product. When these participants thought of Canterbury they thought of tough rugby jerseys.

Therefore the immediate perception of Canterbury was of its sponsorship of secondary school teams, elite rugby and rugby league teams. It was also perceived to be a brand that is directed at the market of rugby and the older population. Furthermore, it is perceived to manufacture a tough product.

The participants were then asked “if you saw a guy walking down the hall with Canterbury pants and shirt what would you think?” The majority of the group replied “a rugby player”.

8.2.1 Brand preference

After the participants were asked to explain what came to mind when they thought of the three brands, they were then asked to choose the brand they liked best and to explain why they chose this brand. There was a mixture of views between the two focus groups.

In the first focus group, one person outright preferred Canterbury and explained, “I don’t really buy Adidas, I just wear stuff that I get from teams and it seems to be more so Canterbury. And kind of because it’s a Kiwi brand and I suppose that’s why I like them”. One participant liked all three, stating “anything that’s got to do with street wear I would go with Puma, high performance Adidas and if I was to participate in rugby I would buy Canterbury”. The remaining four participants in this focus group explained they liked Adidas and Puma and for different reasons. If they were looking for quality product and performance wear they would choose Adidas, and if they were looking for quality fashion or street wear they would go for Puma.

The second focus group was split between Puma and Adidas; four preferred Adidas and the remainder preferred Puma, yet the views were still the same. For product quality and performance, Adidas was the favourite, for quality fashion and street wear the choices lay with Puma.

Although Adidas proved to be the brand liked by most participants, all three brands were preferred for different reasons: Adidas for quality performance sports wear, Puma for quality fashion and street wear and Canterbury for rugby or for reasons of supporting the New Zealand brand.

8.2.2 *Manipulating brand image*

Prevalent in the interviews were three factors that manipulated the firms' brand image. These three factors were sponsorship, product quality and media. Because the focus groups provided an external perspective to the data collection, the concept of the above three factors influencing brand image was addressed in the focus groups. The following section illustrates the answers given.

Table 8.4: "To what extent is your perception of these brands influenced by their sponsorships?"

Major theme	Sub theme	Comments
Brand Image	Sponsorship	"Greatly".
		"A big influence".
		"Especially the Adidas All Black sponsorship they have one ad when the All Blacks do the Haka thing and it just seemed like a strong powerful brand, that's what I got from that ad".
		"The people that are wearing them look really nice, I know that sounds shallow but it makes a difference".
		"Definitely with things like football boots, and soccer if you have someone like David Beckham wearing the new Adidas boots they definitely sell more than the other boots because someone of that stature is wearing them. And they can vouch for how good the technology is, and they say that it makes them play better, and then the parents buy them for their kids and then other kids want them".
		"And then with the Canterbury brand doing sponsorships with some of the super 14 teams you get the perception that it's a really top kind of elite brand so I see it in super 14 all the time".
		"Yes my perceptions are influenced by sponsorship"
		"Yep, of course hugely".

		“Yeah I think sponsorship has made it look like a better brand because they have gone out there and helped a lot of sporting activities like sponsored them, and I think they are a better brand because they are doing that, and also it’s getting their name out there as well”.
		“I think a lot of it is the Adidas sponsorship of the All Blacks, because I associated that with them, because it’s a massive sponsorship now I suppose, I kind of think of it as being less of a feminine brand than Puma is”.
		“The sponsorship of the All Blacks makes you think that they are a good brand because they have such a top team”.
		“Yeah, a big extent”.
		“Yes, for sure, definitely influenced by sponsorship”.
		“I just forgot that the warriors were sponsored by Puma and I think that is because they haven’t done many other sponsors as well”.
		“I don’t know if I consciously think of the All Blacks when I think of the Adidas or not but I think that because it’s such a big brand”.
		“Yeah, you see Adidas everywhere, on ads, TV billboards everywhere Adidas is everywhere you go you don’t really see Puma anywhere. So I guess you just see Adidas as being a really really good brand. And they have been around for so long, had big sponsors, such as the ABs for so long”.
		“Yes because Adidas are associated with elite sports, even though I am not an All Black fan”.

Table 8.4 identifies the comments that were received when the participants were asked “*To what extent are your perceptions of these brands influenced by their sponsorships?*”. The comments received were totally one-sided, where all participants believe that sponsorship manipulates their perception of the brand immensely.

Some of the participants spoke of the Adidas All Blacks sponsorship. The All Blacks, being such a powerful and successful team, gave these participants a perception of the brand as “a strong powerful brand” and drew comments such as “the sponsorship of the All Blacks makes you think that they are a good brand because they have such a top team”. Individuals whom Adidas sponsors also arose, such as David Beckham in soccer. It was believed “someone like David Beckham wearing the new Adidas boots

would definitely sell more than the other boots because someone of that stature is wearing them, and they can vouch for how good the technology is”.

Adidas was perceived to have more sponsorship properties and the majority of participants made comments about its bigger, more successful sponsorships. An interesting comment that was made was that Adidas is everywhere and Puma is not, that is why you don’t really see Puma and that’s why Adidas is classed as a “really really good brand”.

Table 8.5: “Do you think positive media has shaped your perceptions of [Adidas, Puma or Canterbury] in any way?”

Major theme	Sub theme	Comments
Brand Image	Positive media	“Yep”.
		“Definitely”.
		“If the brand was never in the media you would never know about it, unless you walk into the store”.
		“It is everywhere you turn, especially Adidas, it’s everywhere”.
		“So they probably need media to make people aware of the brand”.
		“I think it’s similar to the previous question because you see people wearing shoes on the TV, in the newspaper or in the magazine so you do get influenced by them”.
		“Yeah it has”.
		“I can’t think of the media that Puma has got, Adidas has those rugby statue guys hung up all over the place, and they had one on that little rat island as you go over the harbour bridge”.
		“Adidas has heaps you don’t really see any for Puma”.

Table 8.5 identifies the comments that were received when the participants were asked “Do you think positive media has shaped your perceptions of your preferred brand in any way?” The comments received once again were one-sided; all participants believe

that positive media has shaped their perception of the brand. Comments made suggest that if the brand wasn't in the media you would never know about them, thus they need media to make people aware of the brand. Although participants believe that positive media will shape their perceptions of the brand, it was negative media that was found to have more of an influence on how the participants perceived the brand.

Table 8.6: “Do you think negative media has shaped your perceptions of [Adidas, Puma or Canterbury] in any way?”

Major theme	Sub theme	Comments
Brand image	Negative Media Athlete	“A sponsored athlete has done something bad and they are sponsored by Adidas, say they tested positive for drugs I think that affects your perception but the fact that there is so much advertising, positive advertising it kind of over throws it”.
		“Wouldn't really say it would change my perception of the brand but it would be more on the person, and it would be unfortunate for Adidas, but I don't think the company would be affected, if an athlete did something wrong”.
		“My parents are like that they said once that they saw a guy sponsored by Adidas playing and he said something bad so they wouldn't buy any Adidas product”.
		“Negative media about an athlete changes my perception about the brand for a few minutes but then it goes back to normal”.
		“What the athlete is wearing doesn't mean the brand is like that”
	Negative Media Company	“That guy who won the Tour de France, and the next day all his sponsors were taken away, I think that reflected quite badly on the brands”.
		“Yeah that did influence my perception”.
		“Say if Adidas dumped all their factory waste in some stream, you would be like that's not good and step away from that brand”.
		“Lance Armstrong when he got diagnosed with cancer the first time the sponsor he was with took away all their sponsorship, for me that tarnished my perception of those brands”.
		“And also the reason that I don't like to buy a lot of Nike is because of the whole sweatshop stuff overseas, and I know about that”.
		“Well when I was at school we got onto the subject of Nike and the sweatshops that they have overseas and for a while there I didn't like Nike”.
		“That's what I don't like them, its really negative the whole way they treat their workers”.
		“I don't buy it either because of the sweatshop issue”.
		“Sweatshop are not fair, and after I saw that I went off Nike”.
		“The sweatshop issue definitely changed my perception of Nike, yeah and the media pretty much blew it out of the water”.
		“Sweatshops put a big slash across the Nike brand”.

Table 8.6 identifies the comments received when the participants were asked “*Do you think negative media has shaped your perceptions of your preferred brand in any way?*” The comments suggest that negative media about a sponsored athlete had an influence on their perceptions of the brand but were not significant enough to have a severe effect on their perceptions. Further comments suggest that just because an athlete has misbehaved it does not mean that the brand is on the same grounds. However, negative media about the company was identified as having a significant influence on the participants’ perceptions of the brand. In the focus groups various real life examples were expressed by the participants and an explanation was given towards how the media presenting this topic shaped their perceptions of that brand. One of the examples was when Lance Armstrong got diagnosed with cancer for the first time and his sponsor took away all its sponsorship. The participant explained how this incident “tarnished” his perception of that brand.

One example that was expressed did not involve any of the brands in the study, yet it was a great example as to how media has shaped the participants’ perception of a particular brand. This was the Nike sweatshop issue. When the participants in both focus groups were asked about negative media about the company, this incident arose almost instantly. All participants knew of this incident and all participants believe that the media barrage on this topic shaped their perceptions about Nike in a negative fashion. This incident was explained to have “put a big slash across the Nike name”.

Although this incident shaped the participants’ perception of Nike in a negative way, some felt more strongly about it than others. Some participants believe that this issue put them off Nike forever and others believe that they disliked Nike for a while but were back buying its product now. However, comments suggest that negative media about the company will shape the participants’ perceptions in a negative fashion.

Table 8.7: “What role does product quality play in your perception of the brand?”

Major theme	Sub-theme	Comments
Brand image	Product quality	
		“Heaps”.
		“It’s probably one of the most important things, quality above anything else”.
		“For the amount that you are paying for it you don’t want it to be a different shape after two washes”.
		“From a quality perspective Adidas in the past I have tried their stuff and it hasn’t really given me any sort of incentive to buy any more of it, but now it seems like they have done more of a push towards performance quality in NZ”.
		“Very important”.
		“Big, most important”.
		“You want some thing that is going to last, especially if you are going to pay for it”.
		“Definitely it’s big”.
		“I bought this stupid Nike singlet, it was crap, the shape was all wrong I don’t understand how they made it. I brought it and when I put it on it was like oh no, and I had some of their shoes as well and they didn’t last very long I have never had that before with other brands. So I don’t like them and I don’t buy that brand anymore, now I go elsewhere”.
		“Quality is a major thing”.
		“Very important”.
		“Big”.

Table 8.7 identifies the comments received when the participants were asked “*What role does product quality play in your perception of the brand?*”. The comments received were totally one-sided; all participants believe that product quality has a vastly significant role in their perception of the brand. Several participants expressed how they have purchased an item from a particular brand and, due to a lack of satisfaction with their purchase, they have not bought from that brand again.

The participants were then asked if they bought a pair of shoes from a particular brand that ripped or fell apart while being used what their perception of the brand would be.

All participants said their immediate perception of the brand would be negative. Half said they wouldn't buy anything from that brand again and the other half said they wouldn't buy the shoes again but they would consider buying other product from that brand.

8.3 Brand Reputation

Over the course of their existence all three brands have changed, therefore they have expanded, evolved, continued along the same lines or a combination of the three. This would have had an influence on the consumers' perceptions of the brands and what they believe the brands stand for today. Therefore the participants in the focus groups were asked four questions in a sequence:

What they thought of the brand in their earliest memory?

What they think of the brand now?

What has prompted these changes if any?

What has this created over time?

The above questions aimed to establish the participants' earliest thoughts about their chosen brand and then what they think of the brand now, thus establishing their perceptions of their chosen brand over time. The next question aimed to establish how and why their perceptions have changed, if they have, and the last question aimed to identify what these perceptions created over time regarding the reputation of the brand, if it was believed to have one. The two tables below show the participants' comments about the questions asked. They are organised horizontally to show the participants'

sequence of comments. Table 8.8 consists of the comments from the first focus group and Table 8.9 consists of the comments from the second focus group.

Table 8.8: Focus Group One

Earliest memory	Perception of the brand today	Why this has changed	What this has created over time
I thought how could such a plain brand be so popular, the three lines (Adidas)	A lot of money because they bought the All Blacks	The people that they are sponsoring has changed from before to now, they weren't sponsoring the ABs back then, who they are sponsoring is who they are targeting also could be something that has influenced changes	I think over time this has created a top quality brand
My first memory of Canterbury and the other brands I didn't think anything of them	I think Adidas is more inclined to sponsor individual athletes. As opposed to Puma and Canterbury where they sponsor teams, Puma sponsor are the Warriors	I definitely think over exposure, not only of the three brands but advertising in general	I really don't know
Adidas was more quality than warehouse clothing, so people thought you were a bit cooler and you felt a bit more proud to wear it	I think Adidas is more for like endurance sports, like rugby and soccer, and running codes, athletics	You are aware of more brands now, and you weren't aware of many back then	A quality brand that has been around for a while
Everyone was wearing average clothes and I had this Adidas jacket and they were like you are so cool	I still like Adidas because it's quite good for wearing to the gym and going for a run	I think maybe they are even just as big in that market because they have a pretty street of reputation	I think it has established the brand really well because everyone knows Adidas
You were better than everyone else if you had Adidas gear well not better, not a better person but more status	Not as cool, I think its because we are older and when we were young only some people wore branded clothing, now all do	Everyone is wearing it, it's more like a standard, if you're not wearing Adidas then you are not standard but before you were above standard	It's kind of desensitised the market, where now people don't care as much now about brands
Adidas was like the new cool stuff and if you had it you were something	Although it is quality I don't think it's as cool any more because most the clothing I wear is labelled anyway, it doesn't stick out as much because everyone wears it now	Because it's everywhere, it's over exposed its on billboards. On buses, on people, on TV	I think it kind of started off as strictly sports clothes and now it is a name like a term a brand, it can go into anything, like I suppose you could almost make Adidas food now because it's a really well established brand

Table 8.9: Focus Group Two

Earliest memory	Perception of the brand today	Why this has changed	What this has created over time
Adidas — Wow, well because famous rugby players were wearing it and I thought oh cool that's all	Adidas — the same wow	Their sponsorship and quality has continued and they have always had a big variety	A really well known brand, that is great, I think it has created a well known brand that has become the best quality
My initial thoughts of Adidas were that they were cool	I still think they are a cool brand	They have just continued on with quality product	It's become quite a popular brand, like everybody knows Adidas, out there, popular and well respected as being quality
Adidas was very 80s, very tough	I'm not the same mine has evolved from the 80s, they are more done up and so much more professional than they used to be.	Adidas — logo change is the biggest thing for me, now it is just more recognisable more key people in the world are wearing it, and they are definitely making better clothing I guess, they are coming out of the 80s stuff	High quality sport equipment that every body seems to like. A B+ brand that is what it has created
I didn't exactly think wow about Adidas, but it was the first sports brand that I really recognised	Adidas — I think it has changed with trends and fashion, its better, I like it I wear it, its good	Better quality more variety	It's created a brand that is known for developing quality product
My first thoughts of Puma is they were different they were sporty but not as sporty as other stuff. So I thought it was pretty cool to wear around	Just the same	Puma — I just don't think they have really changed much	Adidas is a good brand everybody loves them, Puma is not as much but I think its coming out a bit more the reputation of it is getting better I think because their clothes are getting better more colour, they are branching out getting into more street wear and casual wear has helped them
I don't remember the first time I saw Puma but I thought they were different and all of the other brands were all sporty	Just the same	Puma —I think they have better clothes now, they have a more variety of colours now	It seems as if Adidas is really stable and traditional to me, and Puma would be slightly newer, I don't know if that is true, but in my mind it seems that way

Tables 8.8 and 8.9 show a mixture of answers. Seven of the nine participants that preferred the Adidas brand suggest their earliest memories of this brand were positive

for reasons of quality product, sponsorship or the “cool” image it portrayed. The remaining two thought nothing of the brand at their earliest memory. Among these same nine participants, their perceptions of the brand today varied: four stayed the same because they believe quality product and sponsorships have carried on along the same lines; three participants’ perceptions have evolved suggesting there is now better quality product and for reasons of elite sponsorship (All Blacks); and two participants suggest that the brand is not as cool now due to the brand being over exposed, yet one still believes that the brand produces quality product.

The data explain that Adidas was known for quality product, sponsorship or as a cool brand at the participants’ earliest memories. Although two participants suggested that the brand is over-exposed, one believes it is still known for quality product. Thus continuous production of quality product and superior sponsorship properties have influenced these changes and in the minds of eight out of the nine participants and have created a brand that has the reputation as being a well-known, well-respected, elite brand that produces quality product.

Of the two participants who preferred Puma, their earliest memories of the brand were that it was different because it was not as sporty as the other brands and one thought it was quite cool. Their perception of the brand today is that the brand is still the same because it has not changed and still produces a variety of better clothes. Over time one participant believes “Puma has created a better reputation for itself because their clothes are getting better more colour, they are branching out getting into more street wear and casual wear has helped them”. The data suggest that Puma are known for quality fashionable clothing and street wear.

The one participant who preferred the Canterbury brand didn't think anything of them at the earliest memory and today believes the Canterbury brand is inclined to sponsor teams and does not really know what this has created over time. Thus no relevant conclusions can be drawn from this.

Although the Adidas brand was not preferred by all participants, ten of the 12 participants made comments that over time in their minds Adidas has created the perception that it is a positive brand, and comments ranged as follows: "A stable brand". "Adidas is a well known". "Well respected brand that produces quality product". One participant even said that "I suppose you could almost make Adidas food now because it's a really well established brand". The two participants who preferred Puma made comments that over time in their minds Puma has created the perception that it's "coming out a bit more and the reputation of it is getting better".

As the tables have identified above, the Adidas brand is seen to be the stronger brand of the three and has established a greater perception over the course of its existence. Through the course of the two focus groups various important comments on the reputation of the brands were put to the table as the conversation deviated for the semi-structured questions. These comments were very strongly directed towards the Adidas brand. The Adidas brand is perceived as being very strong and has created a strong existence: "Adidas started by choosing the right sports and athletes back in athletics ages ago, and then it's just escalated from there, they got a good name from that".

As stated various times in this study it has become a strategic act of promotion that Adidas is aligned with top teams, athletes and famous personnel via sponsorship to

promote its brand. Adidas has prided itself on this right from the early stages of its existence and continues to do so today. It is believed that if

Adidas sponsored a crap team you would still think of them the same because they are already an established name with other teams, it doesn't really matter who they sponsor now, they are already a big brand, and they have a big network.

Not only have the sponsorships created a positive perception of Adidas but its constant production of quality product has earned the brand this good name.

I think that it kind of started off as strictly sports clothes and now it is a name like a term a brand, it can go into anything, like I suppose you could almost make Adidas food now, an example is going from clothes to deodorants, I don't really buy Adidas deodorant but it smells good, I used it before and it was ok, just that, because they have gone into so many areas and they have been successful.

“I would support Adidas in what they do because in the past they have been top quality.” “I probably wouldn't support them in all they do but I would think it would be top quality stuff, and I would trust it just because of the name.” “Just that the perception that they see Adidas, so if you had an Adidas pen and a normal pen there and you get a group of people to pick one they would probably pick the Adidas one.”

Judging by the participants' comments in the focus groups, it is no secret that the Adidas brand is very well-established in the eyes of the participants. The sweatshop issue with Nike was a major topic in both focus groups — some participants went off Nike for a while and the others completely turned their backs on the brand. The discussion arose in the second focus group that if a new brand came onto the market next week, and a month later it was made public that its product was produced in sweatshops, all participants felt that they would never buy from that brand. However, if

it had been Adidas in that very predicament they would continue to support the brand once the whole issue had blown over for reasons that “Adidas have a great image and reputation”. “Because they have a strong reputation, the whole time they have been around, they have been around for a long time”. “They are well established with all they have done and they can fall back on that.”

You can trust it because it has a reputation of no bad press for a lot of years but if some brand came in new and got bad press straight away then they wouldn't have the reputation and history to pull them through it, where Adidas does and they could get through it.

Adidas had a lot of support in the focus groups and all participants agreed that Adidas is everywhere — it is always in your face. One participant explained,

You see Adidas everywhere, on ads, TV billboards every where Adidas is every where you go you don't really see Puma or Canterbury too much anywhere, so I guess you just see Adidas as being a really really good brand, and they have been around for so long, and have big sponsors, such as the All Blacks for so long.

As stated above Adidas is a strong brand in the eyes of the participants in the two focus groups and is recognised for its extensive history and reputation of elite sponsorship properties and distribution of quality product. Puma is also well-known within the two groups but does not have the stature of Adidas and is seen to be recognised more for its fashion in clothing and street wear. Although all participants knew of the Canterbury brand, it seemed to be the least favourite brand of the three. It can be suggested that Canterbury is just not “out there” like the other two brands and for a long part of its existence it has confined itself to only one market, the rugby market.

8.4 Summary

To complete the triangulation of data collection, two focus groups were conducted. The focus groups consisted of six participants in each, establishing a variety of perspectives. The comments received enabled findings that suggest sponsorship, product quality and media have an important role in influencing brand image.

To identify what a firm's brand reputation is likely to be, and what has developed this reputation, a sequence of four questions was asked to each participant. The findings suggest that the continuous production of quality product and superior sponsorship properties has created the brand reputation of Adidas as a well-known, well-respected, elite brand that produces quality product. The findings suggest that product quality along with fashion and street wear sense has created the brand reputation of Puma as a quality brand known for quality fashionable clothing and street wear. No relevant conclusion could be drawn for the comments given towards the brand reputation of Canterbury.

Findings suggest that Puma and Canterbury do not hold the same stature as Adidas within New Zealand. Comments from the focus groups clearly identified that Adidas was the brand most preferred by participants. It was explained that Adidas is the brand that is always in the face of the consumer and possesses a wide range of sponsorship properties, including the number one sports team in New Zealand (the All Blacks), which could be a reason why the comments made were predominantly about Adidas.

PART 4: DISCUSSION AND CONCLUSION

CHAPTER 9

DISCUSSION AND MODEL DEVELOPMENT

9.1 Introduction

A literature review on RBV, brand image and brand reputation concluded with an interim proposition and provided a logical flow to the methodology and direction of this research. The findings presented in chapters 5, 6, 7 and 8 provide a significant insight into brand image, brand reputation and SCA; however, only some of these findings support the interim proposition, which will be discussed later in this chapter. This chapter considers and compares findings from a broader perspective by presenting a cross-case comparison and comparing collective findings with the literature. This chapter also presents and compares collective findings from the cases with the focus groups that provided the external perspective to this research. The discussion of each theme is summarised in the form of a proposition. This chapter presents eight propositions that enable the development of a proposed model, which is developed in three parts before presenting the final model.

9.2 Resource-Based View of the Firm

As noted in Chapter 2, RBV is at the heart of strategic management and is a well established theory that explains CA by looking at firms' resources (Fahy, 2000). According to the RBV, the development of SCA depends on the possession of certain key resources, thus a SCA can be achieved if a firm successfully deploys these resources in its product markets (Fahy, 2000). Therefore the RBV emphasises strategic choice, challenging the firm's management with the important tasks of identifying, developing and deploying key resources to maximise returns (Fahy, 2000). The RBV of

the firm has placed immense importance on types of advantage-creating resources, resulting in an abundance of research identifying types of resources and the categories they fall under, which were seen in Chapter 2.

Escalating competition in a globalised economy has influenced the identification of drivers of SCA (Schwaiger, 2004). Chapter 2 illustrated this extensive search that has not only encompassed tangible resources but also the direct significance intangible resources have towards SCA. Chapter 2 also illustrated types of advantage-creating resources described by various researchers, which have been categorised into two significant groups, namely, tangible and intangible resources, and the direct importance of intangible resources as sources of SCA. Furthermore, that chapter also illustrated the immense significance brand image and brand reputation hold in the field of intangible resources, which have developed over time into two of the most essential and recognised organisational assets (Amis, 2003). The data collection in this research supported the literature in suggesting that brand image and brand reputation are of vital importance to the research firms.

9.3 Brand Image

Brand image has been characterised by various distinctive definitions from different researchers as evidenced in Chapter 2. However, the definition that this report is using is Keller's (1993, p. 3) — a brand image consists of “the perceptions about a brand as reflected by the brand associations held in consumers' memory”.

The literature stated that brand image holds great importance within the world of intangible resources and is specific to every firm. The data from all three case studies

supported this notion about the importance of brand image. The cases established that Adidas, Puma and Canterbury all place a significant importance on their brand image and most of their operations are structured to maintain and develop this resource. Furthermore, evident in Chapter 3 are the various factors that are believed to have an influence on brand image. Brand image is said to consist of various categories, components or associations and sub-images that manipulate and make up that image (Amis, 2003; Fombrun & Shanley, 1990; McDonald, 1991; Meenaghan, 1991; Sirgy, 1982).

In all three cases it is apparent that brand image is influenced by various factors. In all three cases, sponsorship and product quality emerged as major factors that influence brand image. In two of the three cases, media emerged for the same reason. In both focus groups, all three factors were described as having an influence on participants' perceptions of the brand's image, and various sponsorship properties and the brand's product quality came to mind when participants thought of the particular brands. The following three sections will explain how sponsorship, product quality and media are believed to have an influence on brand image. This section will also present the first three propositions and develop the first stage of the model.

9.3.1 Sponsorship

Identified in all three cases are various sponsorship properties that have influenced or shaped the firm's brand image in a certain way. A sports brand that sponsors a team, event or athlete that/who is held in high regard or is at the top of a particular sporting code will create a positive image for the sponsoring brand and the event or athlete.

For example, right from the initial stages of development Adidas aligned the brand with world class athletes of the Olympic Games via sponsorship, which straight away provided a positive image for the brand. Adidas today is aligned via sponsorship with some of the best teams and athletes in the world, and all are elite athletes participating and performing under the Adidas brand.

Similarly, right from the initial stages of development Puma has also aligned itself with world class athletes, which provided a positive image for the brand. Today Puma is aligned via sponsorship with some of the best teams and athletes in the world. The above athletes and teams are world class and are well-recognised in their sporting codes and are participating under the Puma brand.

Canterbury has also aligned itself via sponsorship with world class athletes, which has resulted in a positive perception of its brand image. The most famous and influential sponsorship Canterbury possessed was the New Zealand All Blacks. Canterbury today has possessed a number of sponsorships with international rugby teams that are all well-known and respected. In addition, all teams consist of elite athletes participating under the Canterbury name.

The majority of sponsorship properties for all three brands are the best or among the best at what they do as evidenced by the competitions they compete in, therefore they attain a positive image, somewhere along the lines of professionalism and elite excellence, because of their stature. Because Adidas, Puma and Canterbury are associated through sponsorship, these positive images manipulate their brand image in the same way. This notion was also supported in the focus groups. All focus group participants believed that their perceptions of a brand's image were influenced by their

sponsorship properties. The participants believed that if a brand was aligned with an elite successful team, event or athlete via sponsorship the brand was also elite and successful because it sponsored a team of that stature.

These findings were good examples of image transfer (Amis, 2003; Gwinner & Eaton, 1999; Musante et al., 1991). Keller (1993) suggests that when a brand is aligned via sponsorship the image of the sponsorship property is transferred to the brand, which is exactly what the findings have identified above. Gwinner and Eaton (1999) suggest that firms can leverage their sponsorship dollars, in terms of image transfer, by selecting sponsorship properties based on image or functional similarity. It can be possible that the image transferred may not be the image desired for the brand, thus it is imperative to evaluate the image of the desired sponsorship property to ensure a sponsorship fit (Gwinner & Eaton, 1999; Musante et al., 1991). In turn, the image transfer can be a significant strategic advantage to a brand (Musante et al., 1991).

When participants in the focus groups were asked what came to mind when they thought of Adidas, seven participants referred to its sponsorship properties. Participants were then asked what came to mind when they thought of Puma, and two participants referred to its sponsorship properties. This question was repeated a third time with Canterbury in mind, and six people referred to its sponsorship properties. Therefore this further suggests that brands are reflected in their sponsorships properties. More participants referred to sponsorship properties when they thought of the Adidas brand than other brands. This finding could be due to the fact that Adidas sponsors the biggest sports property in New Zealand and has sponsored more superior teams, athletes and personnel over its existence than the other two brands.

All three cases studies and both focus groups suggested that sponsorship influences brand image. This notion is supported by the literature in Chapter 3, which identifies that sponsorship is suggested to be one of the most important methods to enhance or change brand image (Amis, 2003; Gwinner & Eaton, 1999; McDonald, 1991; Meenaghan, 1991). Furthermore, McDonald (1991) and Meenaghan (1991) state that sport sponsorship, if implemented judiciously, can be a valuable and cost-effective tool with which to develop a firm's brand image.

Therefore the sponsorship properties of the three brands have established more than just promotion by marketing their brand. When a brand is aligned with a particular team or athlete that is respected and is considered the best, or to be among the best, in the world, and it has that image, an image develops much the same for the brand within that particular sporting context and in general. This is supported by findings in the case studies and focus groups. When consumers see elite teams, athletes or famous people excel in their chosen field, the image they create transfers to be the perceived image of the sponsoring brand. Therefore this leads to Proposition 1:

P1 Sponsorship influences brand image

The suggested relationship is that if the sponsorship property is positive and successful an image much the same will transfer to be the brand's image. In turn, if the sponsorship property creates a negative image, an image much the same will transfer to be the brand's image.

9.3.2 Media

Media in the world today is a powerful source of manipulation (Fombrun & Shanley, 1990; Global Exchange, 2006). This notion was supported in two of the three cases and in the focus groups, where media was identified as a major factor that influences consumers' perception of a particular brand's image.

Although comments from the focus groups identified that positive media influenced the participants' perceptions of the brand by making them aware of the brand, it was negative media that was found to have more of an influence on how the participants perceived the brand's image. Negative media about a sponsored athlete was suggested to influence the brand's image but not have a severely detrimental effect on the brand image. However, suggested in case studies 1 and 2 and both focus groups is that negative media about a company will have a significantly negative influence on the firm's brand image.

One main example was expressed that did not involve any of the brands in the study, yet it was a great example as how negative media about a firm shapes consumers' perception of that particular brand. This was the Nike sweatshop issue. Case study 2 illustrated how Puma spoke of this particular incident and explained that Nike portrayed an image of child labourers, which resulted in a dramatic drop in sales globally.

When the participants in both focus groups were asked about negative media towards the company, the Nike sweatshop incident arose almost instantly. All participants knew of this predicament and believed that the media onslaught on this topic shaped their perceptions about Nike's brand image in a negative fashion. All participants believed for a period that the Nike image was dirt, but once the issue started to blow over some

perceptions changed. Some participants believed that this concern put them off Nike permanently and others said that they detested Nike for a while but are back buying its product now.

The above findings suggest that media influences consumer perceptions towards a brand image. This notion is supported by the literature in Chapter 3, where Fombrun and Shanley (1990) and Global Exchange (2006) state that media has a strong influence on brand image. The Nike sweatshop issue was a media bombardment that tarnished the brand image of Nike, and it is quite possible that this issue also dented Nike's brand reputation (Global Exchange, 2006). This was negative media towards the company that had a detrimental effect on the brand, which supported the findings in case studies 1 and 2 and the focus groups.

Findings from the focus groups suggested that positive media influenced perceptions by making the participants aware of a brand and its image. This view is supported by Meenaghan and Shipley (1999), who state that positive media can be considered a method of advertising that incorporates television, radio and press. In addition, media is considered to be an essential ingredient of brand image formation (Meenaghan & Shipley, 1999) and is believed to affect audience reaction and perceptions (Grass & Wallace, 1974; Stewart & Ward, 1994).

The data in case studies 1 and 2 and the focus groups identified that negative media about a company shaped the participants' perceptions about the brand in a negative fashion and positive media exposes the brand image. Therefore this leads to Proposition 2:

P2 Media influences brand image

The suggested relationship between media and brand image is that positive media exposes the brand image, and negative media about the company will influence the brand image in a negative way.

9.3.3 Product

In Chapter 2 Beil (1992) suggested product image influences a firm's brand image. Product quality and product development was conveyed in all three case studies as holding the utmost importance in all firms' operations. It was expressed that there is no substitute for quality. Adidas explained that its whole philosophy is to have quality product that aids athletes in their performance. Puma places significance importance on the quality of the product distributed to its sponsored teams, athletes and the consumer. It also likes to be an innovator, making sure its product is superior, original and different, and it places a large focus on its fashion and street wear. Canterbury has a well-established history in producing some of the most indestructible active wear and is trying to expand its portfolio of products by using that perception of tough indestructible product and applying those same traits into the lifestyle market.

All three case studies have a vast history of producing quality product that dates back more than 80 years and all expressed concern about producing faulty product. It was believed that a manufacturing fault will negatively affect brand image and consumer purchase intentions. This issue was supported in the focus groups, where participants believed that if they purchased faulty product their immediate perception of the brand would be negative. Several participants stated that they no longer buy from certain brands due to a lack of satisfaction with previous purchases, which has also resulted in a

negative image of the brand's product quality. Negative experiences with faulty product influence the brand image in a negative way and purchase intention will decrease (Chu, Choi, & Song, 2005). However, Shiva (2005) and Chu et al. (2005) suggest that when a brand produces high-quality product, brand loyalty will develop resulting in increased purchase intentions and a positive brand image.

The importance of product quality within all three cases is explicitly stated, and how further development of quality product has led to expansion of the firms. Having the image of quality product has allowed the firms to adopt the same philosophies and apply these into different markets. Also evident in the cases was the influence product quality is believed to have on brand image, which is supported in the focus group findings.

All participants believed that product quality is the most important aspect of a sport apparel company and that it has a vastly significant role in their perception of a brand's image. When participants in the focus groups were asked what came to mind when they thought of Adidas, six participants referred to its quality product. Participants were then asked what came to mind when they thought of Puma. Ten participants referred to its quality product as in a fashion and street wear sense. This question was repeated a third time with Canterbury, and two people referred to its quality rugby jerseys, which further supported the notion that product quality influences brand image. Furthermore, these answers reflected the case studies as to what the brands believed they were renowned for in terms of their product.

The findings from the cases and focus groups suggest that quality product influences brand image, which is supported by the literature in Chapter 2 where Beil (1992)

suggests that the image of a firm's product influences the firm's brand image. Evident in the cases and the focus groups is the significant importance quality product has for the firm's brand image. Furthermore, the brands are recognised for the type of product they predominantly produce. Therefore this leads to Proposition 3:

P3 Product quality influences brand image

The suggested relationship is that if product quality is perceived to be positive this will influence brand image in a positive way. In turn, if quality is perceived to be negative, this will influence brand image in a negative way.

With reference to the literature in Chapter 3 it is evident that the components that constitute/manipulate brand image are varied and cover a wide range of consumer perceptions, experiences and knowledge. The findings from the data in this research suggest that sponsorship, product quality and media all create images that influence the consumer's perception of a firm's brand image and these images can be either positive or negative. Aaker (1991) defined brand associations as anything linked in memory to a brand, thus sponsorship can be recognised as a brand association. Product quality and media can be recognised as factors that directly influence consumers' perceptions towards a firm's brand image; however, the image they create can be recognised as brand associations.

As stated above, findings in this research suggest that sponsorship, product quality and media all develop images that instantly influence the consumer's perception of the firm's brand image, and these images can be both positive and negative. For example, if a sponsored team, athlete or personnel is/are a great role model and performing in the

chosen field this is likely to result in a positive image, thus influencing the perception of the sponsor's brand image in a positive way. However, if the sponsored property is not performing it is possible that this will result in a negative image influencing the sponsor's brand image in a negative way. Furthermore, research findings suggested that positive media towards a firm will influence the firm's brand image in a positive way and negative media about the firm will have a detrimental effect on the firm's brand image. In turn a faulty product, or customer who is unsatisfied with their purchase, can influence the brand image in a negative way.

The point that needs to be identified here is that positive and negative images can be created at any time from any of the three categories (sponsorship, product and media), instantly influencing the consumer's perception of the firm's brand image. If a firm's brand image is continuously influenced in a positive way then the brand image is likely to be continuously positive. In turn if the firm's brand image is continuously influenced in a negative way then the brand image is likely to be continuously negative. Additionally, a mixture of positive and negative images will see the brand image fluctuate. Furthermore, the severity of the image will determine the effect it has on the brand image. Therefore it is imperative in terms of success that all firms strive to create positive images to maintain a positive brand image. These findings created the first three propositions, (P1, P2 and P3), therefore the first part of the proposed model can now be developed.

Figure 9.1: Part 1 of the Proposed Model

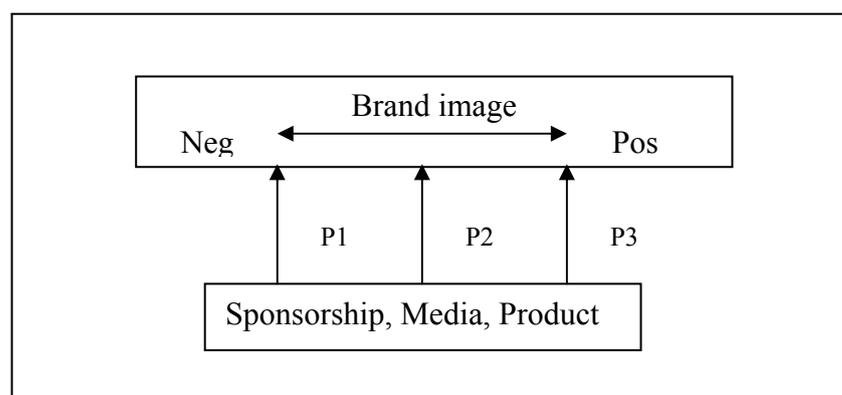


Figure 9.1 proposes that sponsorship, media and product create meanings for consumers that influence brand image. If these images are positive, brand image will be positive. In turn if these images are negative brand image will be negative.

In summary, shown in the data are three factors that are believed to establish images, namely sponsorship, media and product. When a brand is aligned with a particular team or athlete that is respected and is considered the best or to be among the best in the world with that image, an image develops much the same for the brand within that particular sporting context and in general. The data identified that negative media about the firms has a big influence on the participants' perceptions about the brand, and positive media exposed the brand. Furthermore, the quality of product was identified as being very manipulative to the image of the brand. The fashion of Puma was also identified as portraying a significant image of its brand. Consequently, the above findings suggest that sponsorship, media and product have a direct influence on a firm's brand image. Additionally, images can be created from these three components at any time that instantly influence the consumer's perceptions about the brand image of the firm. The degree to which an image is positive or negative will determine the quality of the brand image. Lastly, this section developed the first three propositions and the first part of the model.

9.4 Brand Reputation

Chapter 2 illustrated the significance brand reputation holds for all firms. It is suggested that a well-reputed firm holds one of the most vital assets possible. As stated in Chapter 2, the definition of reputation that is used in this research is "reputation refers to the more general emotional response that an individual has towards an

organisation as a consequence of its actions over a longer period of time” (Amis, 2003, p. 191). It is important to understand that a reputation is not developed over night, rather over a period of time (Amis, 2003; Herbig & Milewicz, 1993). Although no set time is suggested that a reputation will be developed in, reputation is usually developed over years of exposed superior competence (Hall, 1993). Over time all three firms in the study have developed a brand reputation, therefore this section will discuss the findings relating to brand reputation.

All three cases undoubtedly identified the direct importance of brand reputation. All three brands are more than 80 years old, thus their operations over their existence will have moulded and shaped their reputation. The three case studies implicitly identified what the three brands’ reputations can be recognised as and how they have been developed. The perspective attained from the focus groups provided a better understanding of Adidas and Puma’s brand reputations and how they have been formed.

Implicitly suggested in Case Study 1, the brand reputation of Adidas is recognised as a strong, stable brand that focuses on elite sport performance and quality product. This reputation has been by its sponsorships of top elite teams, events and personnel continuously over its existence; its continuous manufacture and distribution globally of quality product; and its expansion through increased sponsorship and product development, acquisitions, and ventures into new markets and countries. The findings from the focus groups corresponded with the findings in Case Study 1 where it was suggested that sponsorship and product quality have influenced the brand reputation of Adidas as a well-known, well-respected elite brand that produces quality product.

Implicitly suggested in Case Study 2 is that the brand reputation of Puma is recognised for sport performance, but more so for product fashion and street wear. This reputation has been influenced by its sponsorships of top elite teams, events and personnel continuously over its existence; the manufacture and distribution globally of quality product with a significant focus on fashion and street wear; its expansion through acquisitions and strategic alliances; and ventures into new markets via sponsorship and increased product development. The findings from the focus groups corresponded with half of the case study finding where it was suggested that product quality has influenced the brand reputation of Puma as a fashionable street wear brand.

Case Study 3 implicitly suggested that Canterbury has a reputation for tough active wear in the rugby market due to its sponsorships of elite rugby teams and the development of the most indestructible active wear for the rugby code. However, this was not supported in the focus groups due to insufficient data.

The cases identified that all three firms believed brand reputation is of the utmost significance to them, thus supporting the literature about the vast significance of brand reputation (Amis, 2003; Fombrun & Shanley, 1990; Herbig & Milewicz, 1993; Milewicz & Herbig, 1994). Furthermore, findings from the case studies and the focus groups suggested that product quality and sponsorship influence brand reputation. These findings agree with the literature in Chapter 2 that suggested sponsorship is identified as one of the most important methods to enhance or change brand image and develop brand reputation (Amis, 2003; Gwinner & Eaton, 1999; Musante et al., 1991) and that the consistent production of quality product will assist in moulding a positive reputation (Amis, 2003), thus adding importance to these findings.

The data identified that all three brands have been consistent over an extended number of years in the production of quality product and maintaining quality sponsorship properties which has lead to the development of a brand reputation. This concept is supported by the literature that states reputation is built over time with repeated consistency (Amis, 2003; Argenti & Druckenmiller, 2004; Hall, 1992; Herbig & Milewicz, 1993; Milewicz & Herbig, 1994). Therefore this leads to propositions 4 and 5:

P4 Consistent production of quality products over time will have a positive influence on brand reputation

The suggested relationship is that if product quality is consistently positive, over time this will create a positive brand reputation. However, if product quality is consistently negative, over time this will create a negative brand reputation

P5 Consistently successful sponsorship properties over time will have a positive influence on brand reputation

The suggested relationship is that if sponsorship properties are consistently positive, over time this will create a positive brand reputation. However, if sponsorship properties are consistently negative, over time this will create brand reputation in a negative way.

Judging by the participants' comments in the focus groups, it is no secret that the Adidas brand is very well-established, and the brand reputation it has developed was identified as being imperative in its operations. The participants in the focus groups

believed that the Adidas reputation is so strong because it has created a strong presence right from the initial stages of its development, which reflects the data in Case Study 1, Adidas. Participants in the focus groups suggested that if Adidas was to sponsor several non-performing teams, the perception of Adidas would still be the same because it is already well-established. Furthermore, because Adidas has continuously succeeded at producing quality product, one participant suggested that “they could go into anything, like I suppose you could almost make Adidas food now”. This illustrates the Adidas brand reputation possesses significant strength, and the major contributing factors towards this have been their extensive consistency in manufacturing quality product and successful sponsorship properties. This is supported by the literature in Chapter 3, which suggested that when customers get what they expect from a firm’s product or service time and time again the reputation is strengthened (Argenti & Druckenmiller, 2004).

It was suggested by focus group participants that if Adidas was found to be involved in sweatshops, the participants believed they would continue to support the brand once the whole issue had blown over for reasons that it has a great reputation and it can be trusted because Adidas has a reputation of having had no bad media for many years. This suggests that negative media is harmful to a firm’s brand image but poses little threat to a well-developed, strong brand reputation. Furthermore, this also suggests that a strong brand reputation can assist firms during pessimistic predicaments or situations.

Data from the case studies and focus groups suggests that positive media influences brand image, and negative media about a firm has a detrimental effect on its brand image. Due to the Nike sweatshop issue several participants believed that they would never support the brand again, which suggested several conclusions. It could be that

because the participants felt very strongly about this issue they refuse to support Nike, yet considering the fact that the participants said they would continue to support Adidas if it was in the same predicament suggests that Nike does not have a brand reputation of necessary stature to see out this pessimistic issue, or that negative media also has a direct effect on a firm's brand reputation. Fombrun and Shanley (1990) empirically tested factors that assist in reputation-building — media exposure and media reports proved to be one of the most influential factors in shaping a reputation. Therefore this leads to Proposition 6:

P6 Over time media will influence brand reputation

The suggested relationship is that over time media will influence brand reputation. Determining whether the media is positive or negative will determine the influence placed upon brand reputation.

Research data identified that the brand reputation is influenced by sponsorship, product quality and media. Therefore sponsorship product quality and media influence both brand image and brand reputation. Hence this section will propose a new concept where brand image shapes brand reputation.

Milewicz and Herbig (1994) stated that the creation of a brand's image is not just critical to the short-term success of a firm, it also has long-term implications. Thus it can be argued that the long-term implications of brand image can have a strong influence on brand reputation. If an organisation places a large emphasis on its brand's image and consistently maintains a positive image it can be argued that a reputation will develop. Brand reputation is developed over time (Amis, 2003; Argenti &

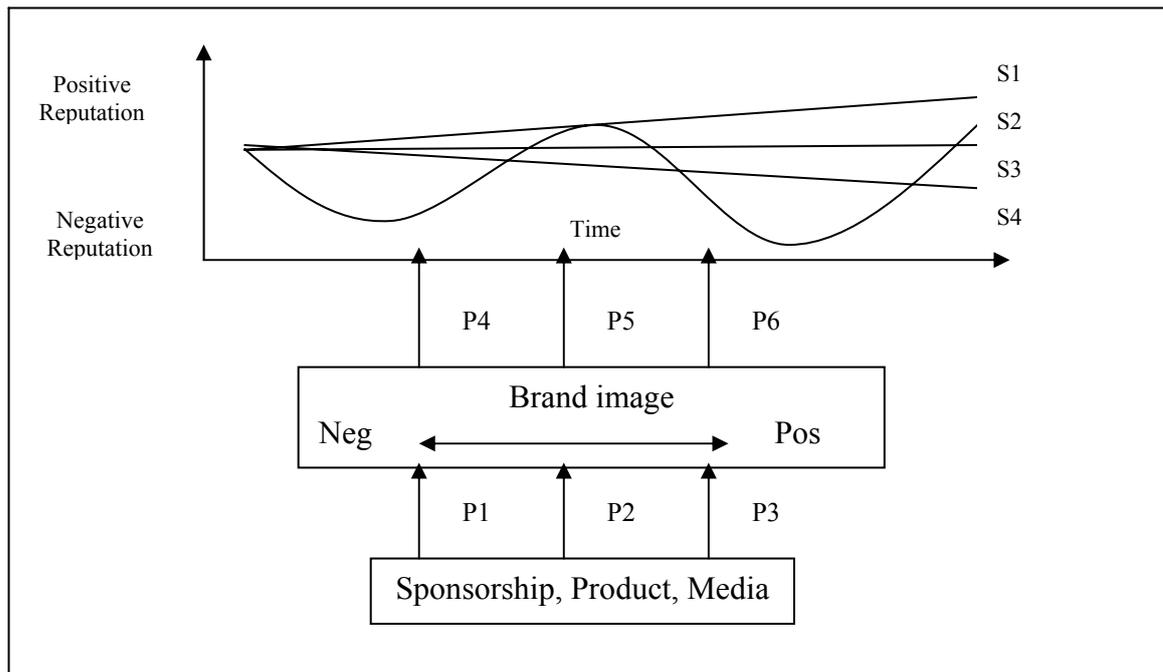
Druckenmiller, 2004; Hall, 1992; Herbig & Milewicz, 1993), however this the research in this report suggests that a consistently positive brand image over time will develop a positive brand reputation, and in turn consistently negative images will develop a negative reputation.

The following is new evidence that came from the data collection in this research which is not supported in the literature. From the evidence in the data the following relationships are proposed. Although this is very unlikely it is also possible that continuous images of poor product quality will result in a brand image of poor product quality and over time will start to develop a brand reputation of poor product quality. If the same firm possesses successful sponsorship properties the images created will result in a positive brand image of successful sponsored properties and over time a brand reputation of successful sponsorships will start to develop. This suggests that it is possible for a firm to have a positive brand image and brand reputation in sponsorship, yet at the same time it could have a negative brand image and brand reputation in product quality. It is also possible for a firm to have positive images from media, sponsorship properties and product quality but be better recognised by one, two or all three of these factors. This is reflected in the focus group comments where participants believe Adidas has a strong reputation because of its successful elite sponsorship properties and quality product, whereas Puma is believed to have a stronger reputation for quality fashionable product. In addition, Case Study 1 suggests that Canterbury is better known for product quality. However, it is imperative that a firm aims to maintain positive images from all three factors: sponsorship, media and product quality.

In addition, it is possible that a firm can be better renowned for any combination of sponsorship, media and product quality, but it is images developed from these three

factors that influence brand image and over a period of time will start to develop a brand reputation. Therefore propositions 4, 5 and 6 and the second part of the proposed model can be illustrated as in Figure 9.2.

Figure 9.2: Part 2 of the Proposed Model



From the bottom, this model suggests that sponsorship, product and media create images that influence brand image. If these images are positive, brand image will likely be positive; in turn if these images are negative, brand image will likely be negative. Over time the brand images influenced by sponsorship, product and media will start to develop a brand reputation. If the brand image is consistently positive overtime a positive brand reputation will develop, and in turn if the brand image is consistently negative, a more negative or less positive brand reputation will develop. From here four scenarios (S1, S2, S3, S4) are developed, which will be explained later in this section.

In summary, the data from the case studies clearly identify the importance all three firms place on brand reputation. It is evident that the Adidas brand reputation is the strongest and the most significantly established of the three brands. Data suggested that continuous production of quality product and superior sponsorship properties have created the brand reputation of Adidas as being a well-known, well-respected brand that produces elite quality product. The data suggested that production of quality fashionable and street wear clothing has created the brand reputation of Puma as being a fashionable street wear brand. Data from Case Study 3, Canterbury, suggests that the manufacturing of almost indestructible active wear has created the brand reputation of Canterbury as a tough active wear brand in the rugby market; however, this is not supported by data in the focus groups. Canterbury is known for its tough rugby jerseys but, as stated above, this was only supported by data in Case Study 3. Findings suggested that brand reputation is developed from quality product and sponsorship, and media has an influential role in shaping a brand reputation. This lead to the development of propositions 4, 5 and 6 and the second part of the model.

9.5 Brand Image and Brand Reputation and Sustained Competitive Advantage

The majority of advanced firms possess a large list of resources, and it has been addressed in the literature that not all resources are of equal importance and have the potential to generate a SCA (Fahy, 2000). Therefore a considerable emphasis has been placed on the characteristics of advantage-creating resources. It is argued that for a resource to be a source of SCA it is imperative that it holds essential characteristics. Chapter 2 identified essential characteristics from the perspectives of various researchers. It also identified that there is no select group of characteristics in the

literature that researchers agree on as being essential to SCA. The characteristics that appeared most in the literature are the following: rare, inimitable, non-substitutable and durable. However, this exact list did not show up in the data collection. Therefore this section will explain and discuss the characteristics that appeared in this research and whether brand image and brand reputation possess these characteristics.

9.5.1 Valuable

Barney (1991) and Fahy (2000) argued that a resource must be valuable or enable the creation of value to lead to a SCA. This section will discuss how brand image and brand reputation is believed to be valuable from the data collected in this research.

In all three cases brand image and brand reputation were identified as holding the utmost importance in all firms. Both resources were explained as being “absolutely key” and “major strengths” of their firms. Their importance was reflected in the extreme caution taken in all the firms’ operations to maintain these resources. Furthermore, all comments made towards brand image and brand reputation from participants in the focus groups were positive, and they believed that these two resources benefit the firms considerably. In addition, it can be suggested that comments from the focus groups indicate that brand reputation holds more value than brand image. The findings suggested that brand image and brand reputation in all three case studies are considered valuable.

Brand image and brand reputation were identified in the cases as having the utmost importance and were recognised by the focus group participants as beneficial resources. Because the resources are held in high regard, and deemed to hold considerable value

within the firms, brand image and brand reputation in all three cases can be considered valuable.

9.5.2 Rare

Data collected from the cases and focus groups suggest that the three brands are different. Just because the brands are different does not necessarily mean that the brands' images and brands' reputations will hold the characteristic of being rare. Therefore this section will propose an argument as to whether brand image and brand reputation can hold the characteristic of being rare that can essentially lead towards a SCA.

Sponsorship, media and product quality was found in this research to influence brand image. Images can develop at any time from any of the three categories; for example, if a soccer team sponsored by Adidas wins a major tournament the team will attain a positive image and the Adidas brand image will also be positive through aligning itself with a winning team. If no other competing brands have the same sort of achievement with one of their sponsorship properties then the brand image Adidas has created can be considered rare. However, a week/month later a competing brand could have the same achievement and attain a brand image similar to that attained by Adidas, thus these brand images will not be rare. Furthermore, Adidas could bring out a new line of quality product that could influence the brand image suggesting Adidas has a brand image of producing quality product; if no other competitor is doing this at the same time then this brand image could be rare. A month later a competing brand could do the same and attain the same brand image. Once again both firms could have a similar brand image and will not be classed as rare.

Therefore it can be suggested that images can arise at any time from all categories, positive or negative, and they are instant, which influences how consumers perceive the brand image of that particular firm. Although stated in Chapter 3 a firm's brand image is specific to that particular firm, it will not be uncommon that competing brands at some point will hold a similar brand image at various stages, because brand image is continuously manipulated. Therefore it is suggested that a brand image can be rare but will not be rare long enough to assist in leading towards a SCA.

Stated in Chapter 3, a brand reputation is created over time and has been moulded and shaped through a firm's operations (Amis, 2003). It is impossible for a competing firm to copy all that another firm has done and possess the same brand reputation; it can try but it will never have the same brand reputation. The research data identify that Adidas, Puma and Canterbury all possess a different brand reputation. These brand reputations can be considered to be rare because they have been developed from the operations over the firms' existence and are specific to those firms. Therefore it can be suggested that brand reputation will hold the characteristic of being rare, which can assist in leading towards a SCA.

Barney (1991) suggested that if a particular resource is possessed and exploited by a large number of competing firms, resulting in the implementation of a common strategy, no firm will attain a CA from this particular resource. This supports the notion that brand image will not hold the characteristic of being rare but brand reputation will, which will assist in the development of a SCA.

9.5.3 Inimitable

A resource will not be imitable if it can be copied. Data from the cases suggest that there are aspects in the firms that can and cannot be copied. Adidas and Canterbury believe you cannot copy history, reputation and authenticity because only time and history allow you to have these resources.

Brand image will not possess the characteristic of inimitability because brand image can continuously change, and firms can have a similar or the same brand image as stated above under the heading “Rare”. In turn, brand reputation is inimitable because only years of existence will develop a brand reputation specific to the firm that developed it. It is not possible to walk in and copy someone’s brand reputation; only time will allow you to develop this resource. Therefore it can be suggested that although brand image cannot hold the characteristic of being inimitable a brand reputation can.

9.5.4 Durable

The level of durability depends upon the rate at which resources will depreciate and become obsolete. It has been suggested above that brand image is influenced by sponsorship, product quality and media, and that things can happen at any time to affect images within these categories influencing consumers’ perception of a firm’s brand image. Therefore it can be suggested that a brand image will depreciate quite quickly due to other images manipulating the brand image. Therefore a brand image will not be durable.

However, the brand reputations of all three firms used in this research can be considered durable because they have not depreciated, they have only become stronger. Grant (1991) stated that durability of resources varies significantly due to the escalating pace at which technology is changing and it is possible that it may have the effect of strengthening brand and corporate reputation, thus adding significance to this finding.

This section suggests that brand image will not hold the essential characteristics leading towards a SCA, but brand reputation will. Literature in chapters 2 and 3 clearly suggested that intangible resources are key resources providing SCA because they are much more difficult to duplicate, imitate or substitute for, and are likely to form more durable sources of advantage (Amit & Schoemaker, 1993; Barney, 1991; Clulow et al., 2003; Fahy, 2000; Grant, 1991). Brand image and brand reputation are both intangible resources, thus this research took a different view and suggested that brand image cannot be a source of SCA.

This research suggested that brand image is influenced by sponsorship, product quality and media, all of which create images that instantly influence consumers' perception of a firm's brand image, and these images can be both positive and negative. Because these images can occur at any time for any brand, it is possible for competing brands to have a similar brand image thus the image will not hold the characteristic of being rare. Therefore, if competing firms develop a similar brand image it will not be inimitable and will not be durable because brand image will depreciate quite quickly owing to the changes that can happen. However, as identified from the data collection in this research brand image is recognised to be a valuable possession of a firm. In addition, it is impossible for competing firms to copy what another firm has done and possess the same brand reputation because a brand reputation is developed from the operations over

a firm's existence and is specific to that firm. Thus a brand reputation can be considered to be rare, valuable and inimitable. A brand reputation can also be considered to be durable, because the brand reputations in all three cases have not depreciated; they have only got stronger in the market. Therefore this leads to propositions 7 and 8.

P7 Brand image will lead towards a competitive advantage

P8 If a brand reputation possesses the necessary characteristics it will lead towards a sustained competitive advantage

Propositions 7 and 8 lead to development of the final part of the model.

Figure 9.3: Part 3 of the Proposed Model

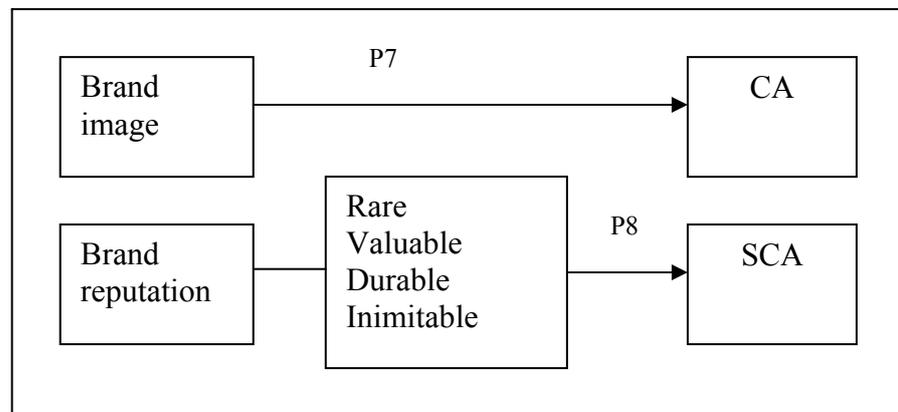


Figure 9.3 proposes that brand image can potentially develop a CA but not a SCA. Furthermore, Figure 9.3 proposes that brand reputation can potentially lead towards a SCA if it possesses the necessary characteristics.

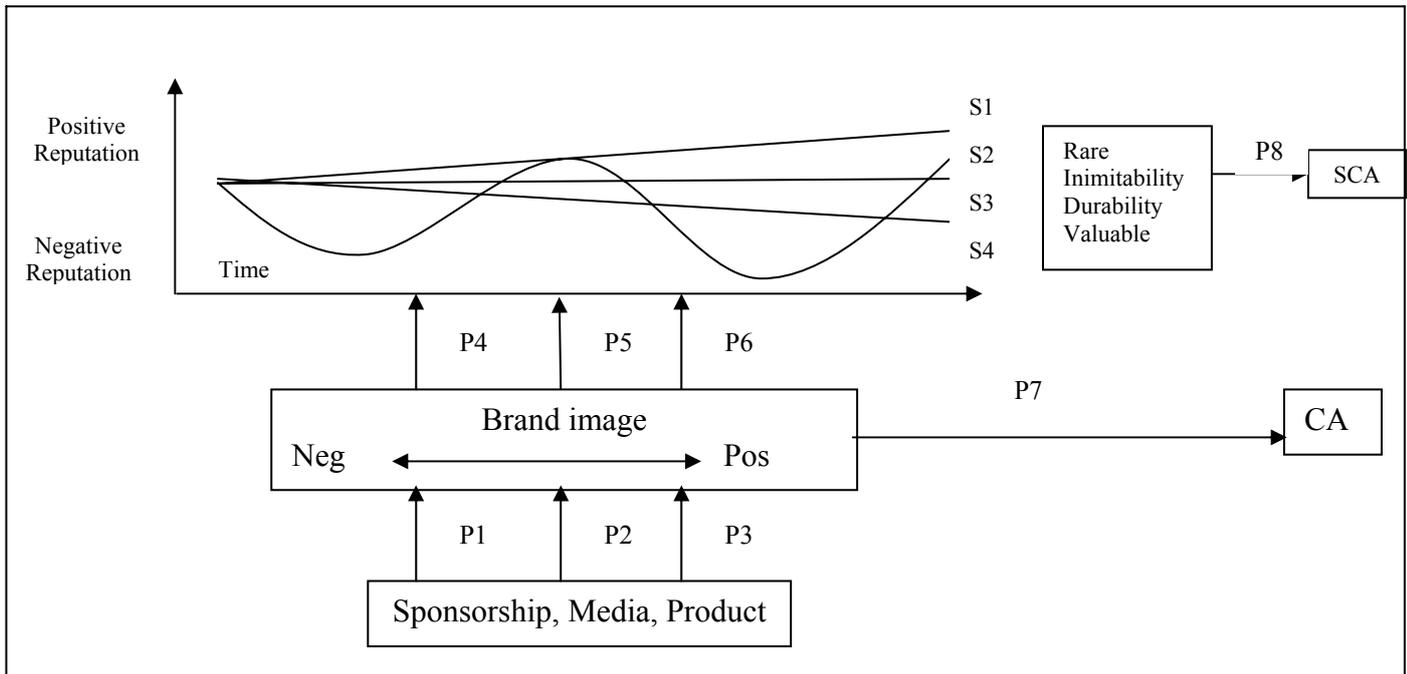
In summary, sponsorship, product quality and media create images that continuously influence brand image and it is not uncommon for competing firms to attain a similar brand image. Therefore brand image will not possess the characteristics necessary for a

SCA. Because brand reputation is developed over time and is specific to a firm and is not easily influenced, it is possible for brand reputation to hold the necessary characteristics leading towards a SCA.

9.6 Proposed Model

The RBV literature explained that a firm is able to attain a CA by developing and exposing key resources in the market place. Because the importance of brand image and brand reputation as intangible resources has been well-established, this research aimed to explain the influence brand image and brand reputation towards a firm attaining a SCA in the sport apparel industry. Data in this study suggest that there are various components (sponsorship, media and product quality) that instantly influence consumers' perceptions towards a firm's brand image. This means that these factors influence brand image. Furthermore, brand image will not sustain a CA because it will not possess the necessary characteristics. Data also suggest that brand reputation is moulded and shaped over the course of its existence by various components and will sustain a CA because it will hold the necessary characteristics. Therefore this section proposes a new concept where brand image shapes brand reputation, which can lead towards a SCA.

Figure 9.4: Proposed Model



The proposed model starting from the bottom suggests that sponsorship, media and product quality create images that influence brand image. If these images are positive brand image will likely be positive; in turn if these images are negative, brand image will likely be negative. The box to the far right on the positive side identifies that a positive brand image can lead to a CA.

Over time the brand images influenced by sponsorship, product and media will start to develop a brand reputation. If the brand image is consistently positive over time a positive brand reputation will develop, and in turn if the brand image is consistently negative a negative brand reputation will develop. However, this model proposes four scenarios for potential brand reputation development, which are labelled S1 through to S4 and are situated at the end of the reputation timelines that they represent.

The scenarios are new evidence that came from the data collection in this research which is not supported by theory. Scenario 1 (S1) proposes that if the brand image is continuously being influenced by positive images this is likely to result in developing a positive brand reputation that will get stronger over time, thus S1 is represented in the model with an ascending straight line. Scenario 2 (S2) proposes that if a brand image is continuously influenced by negative and positive images this is likely to result in a brand reputation that fluctuates overtime, thus S2 is represented in the model with a line that curves up and down. Scenario 3 (S3) proposes that if the brand image is sturdy and not overly influenced by either positive or negative images the brand reputation is likely also to be sturdy, thus S3 is represented in the model with a straight line. Scenario 4 (S4) proposes that if the brand image is consistently being influenced by negative images then it is likely to result in developing a negative brand reputation that will get weaker overtime, thus S4 is represented in the model with a line that has a descending formation.

To the right-hand side of the diagram are the characteristics of SCA that appear in the cases, namely, being rare, inimitable, durable and valuable. This suggests that if a brand reputation holds these characteristics it will progress to the last box (SCA), thus sustaining a competitive advantage.

9.7 Findings versus Interim Proposition

Findings from all research conducted in this study resulted in eight propositions and the development of a proposed model supported by a theoretical narrative. However, only some of these findings supported the interim proposition.

The interim proposition stated that brand image is made up of and/or influenced by corporate image, user image, product image associations, consumer perception, media and sponsorship. This research found that sponsorship, product quality and media were factors that influenced not only brand image but brand reputation as well. Because sponsorship can be identified as an association, the research findings coincided with this part of the interim proposition through sponsorship, product, media and associations influencing brand image. The interim proposition also suggested that brand image can potentially have a big influence in developing a brand reputation. Research findings suggest that brand image will potentially develop a brand reputation over time, thus supporting this segment of the interim proposition.

Finally, suggested in the interim proposition was the concept that if brand image or brand reputation possesses the characteristics that appeared most in the literature, namely rare, inimitable, non-substitutable and durable, they will potentially lead towards a SCA. Findings identified that only brand reputation has the potential to sustain a CA and the characteristics that appeared in the case study findings are the characteristics of being rare, inimitable, valuable and durable. Therefore, the research findings coincided with this segment of the interim proposition on three characteristics of SCA and on the notion that brand reputation will potentially lead towards a SCA. Non-substitutability was not supported in the research findings as a characteristic leading towards SCA, and brand image was not found to have the potential to lead towards a SCA.

Research findings supported various aspects of the interim proposition and discarded others. This does not mean to say that the research findings are correct, but to add value to the findings and the proposed model, they need to be tested in a quantitative study.

In summary, this model suggests that images developed from sponsorship, media and product quality shape and influence the brand image. Determining the quality of these images will determine the quality of the brand image. The second part of this model suggests that the images will start to develop a brand reputation which will evolve in one of four different ways and which is directly determined by the quality of the brand image. This model further proposes that brand image will only develop a CA, and brand reputation can lead to a SCA if it holds the essential characteristics, namely of being rare inimitable, durable and valuable, which is illustrated at the far right of Figure 9.4.

9.8 Additional Themes

Three additional themes appeared in the case studies, namely history, heritage and authenticity. Evidenced by the comments made about these resources, all three themes possess great importance within the researched firms. Although it can be suggested that history allows a firm to have a reputation, the three resources were not placed in the proposed model because they were identified as being additionally important intangible resources that did not fit into the picture of brand image and brand reputation. Yet all those resources do hold importance for the other intangible resources and for SCA. These three resources will be explained next, starting with history and heritage.

9.8.1 History and heritage

History is a new theme that appeared in all three cases as a resource holding great significance for all firms. When all firms spoke of their past, they referred to it as their

history. All firms state that they have a vast and extensive history dating back over 80 years.

All firms stated that their history gives them an advantage over their competitors because they can go back further. Puma believed that being able to place the narrative behind its history and vintage product range adds to this advantage. Adidas suggested that a new brand will not have the credibility to go through the low patches, whereas a brand with a well-established history will have the creed and the ability to steer through the low patches. Canterbury suggested that history allows a brand to have some of the more important intangible resources such as heritage and authenticity. History is identified in all three cases to have significant importance and allows a brand to have an advantage over its competitors. Furthermore, heritage was identified in two out of the three cases as being an important part of the brand. History and heritage are closely related, therefore it is important to make the distinction between the two.

History is an academic discipline that recalls and explains aspects of the past and aims to give a factual account (based on what is known at the time), whereas heritage is usually about one or more aspects of the past (Misiura, 2006). Therefore heritage is a particular version of the past (history) that belongs to a certain group of people (Baram & Rowan, 2004) and appears to be selected aspects of a certain history (Misiura, 2006).

Canterbury and Puma both refer to their past and explain that their history has allowed them to have a strong heritage and implement this heritage into various products and innovations. Brands without a history cannot refer back to their past and mix new innovations with their heritage; only time will let you have these two resources.

History is identified as a powerful resource in all cases studies and is essentially an advantage that a firm has over its competitors because they cannot go back as far as it can. Furthermore, heritage is selected aspects of a certain history, thus it is possible to take selected important parts of history and incorporate them into various operations as heritage of the brand.

9.8.2 Authenticity

Authenticity is a further theme that evolved from two out of the three cases studies as a resource that is a major strength of the brands and is considered to be a factor that is providing a CA. Canterbury suggested that in terms of being around for over 100 years competing firms cannot touch them on authenticity and Adidas believed everything they do is authentic.

Authenticity is not the product of pure manipulation yet it accurately reflects aspects of the inner self so it cannot be an act (Ilies, Morgeson, & Nahrgang, 2005). A brand can be authentic because it is a genuine expression of an inner personal truth (Beverland, 2005). Adidas spoke of its authenticity as a major strategy, thus vouching for its importance, and Canterbury believed because they have been around for such a long time competing firms cannot touch them on authenticity. This suggests that history is the foundation of authenticity that can validate claims of being authentic.

Authenticity appeared in two of the three cases as a resource that holds significant importance. It can be suggested that history is the foundation of authenticity and it can vouch for claims of being authentic. Brand authenticity is the act of reflecting the inner personal truth of the brand and history can be seen as a resource that adds credibility to

this act. Additionally, history has proven to be a major resource that enables the creation of further advantage-creating resources such as heritage and authenticity. In terms of how these resources relate to the literature, it could be considered quite possible that these resources could lead towards a SCA.

The value of history is established in all three case studies in this research, therefore the resource can be considered valuable. It is stated earlier in the discussion that competing brands cannot copy another brand's past, therefore history cannot be copied. Consequently, if history cannot be copied, it would suggest that a particular history can be rare, because no one else will have the same history. Furthermore, history will be inimitable because competing firms are not able to copy this resource — it is specific to the firm that created it. Lastly, it is possible for history to be durable. Adidas, Puma and Canterbury all possess an extensive history that has not depreciated or become obsolete in the market; they have strengthened. This could validate the suggestion that history can hold the characteristic of being durable. Furthermore, because history enables the creation of heritage and authenticity then it could be suggested that heritage and authenticity could also be sources of SCA.

The importance of these three resources is well-established in chapters 5, 6 and 7 and it is suggested above that history, heritage and authenticity could be potential resources in attaining SCA. However, this is purely a suggestion from the findings in this research. To add value to this notion research would have to be conducted in the area of history and SCA. Therefore this is a concept for future research.

9.9 Summary

The discussion chapter has presented and compared collective findings from the three case studies and the focus groups. These findings were summarised under the appropriate themes and then developed into propositions. The proposed model was broken down and explained in three different parts before being presented in full.

The first part of the model presented under the theme of brand image consisted of propositions 1, 2 and 3 which identified sponsorship, product and media influence on brand image. The second part of the model presented under the theme of brand reputation consisted of propositions 4, 5 and 6 which identified that the images that influence brand image over time will also influence brand reputation, thus brand image over time will start to develop a brand reputation. The third part of the model presented under the theme of brand image and brand reputation and SCA consisted of propositions 7 and 8 which identified that brand image will not develop a SCA but brand reputation will. The proposed model in full encompassed all propositions and four scenarios that explained potential growth of brand reputation which is determined by the quality of the brand image. Although the findings of this research coincided with various aspects of the interim proposition and discarded other aspects, the proposed model should be tested with quantitative research to further establish the theoretical narrative that underpins it.

Furthermore, three additional themes appeared in the case studies, namely history, heritage and authenticity, and all these resources were explained as having a huge importance within all three firms. These three resources were not included within the proposed model but were identified as important resources and were suggested to be

possible sources of SCA. Further research needs to be conducted concerning these resources and SCA.

CHAPTER 10

CONCLUSION

10.1 Summary of the Research

Sustained competitive advantage is a concept well-supported by the RBV and is the element that competing firms strive for. The intent of this research was to identify the influence that brand image and brand reputation have towards attaining a SCA. This research started with a review of the literature in the field of RBV and SCA which identified the resources which are more sufficient sources of SCA and the essential characteristics leading towards a SCA. This review also clarified the direction of the research taken, which was applied in a sports setting.

This research explored three cases studies with well-known and respected sports brands operating in New Zealand, namely Adidas, Puma and Canterbury. These firms were used because they possess strong brands that operate in the same industry. The research method was a qualitative design that incorporated a triangulation data collection method. The three methods of data collection were in the form of interviews, focus groups and the collection of secondary data. Findings from the interviews and secondary data were presented in the three case studies and findings from the focus groups were presented in a separate findings section.

Once the data were collected and transcribed the data analysis method that was used to probe for patterns or themes was Auerbach's and Silverstein's (2003) process of coding. This was a six-step coding process that started with raw data and resulted in a thematic narrative. Because this research aimed to generate theory, a theory closely related to grounded theory called evolving theory was used to analyse the data collected in which

the data was constantly compared and contrasted throughout the data collection and analysis process (Isabella, 1990).

Once case study data were presented in themes, cross-case analysis was introduced for the purposes of discussion and further progress into theory development. All data from the cases studies and focus groups were presented in themes in the findings sections and then pulled together to be presented in the discussion in Chapter 9 to identify the patterns. From here a model was developed and explained as a theoretical narrative.

10.2 Major Findings

At the onset of this study, essentially the understanding of the influence that brand image and brand reputation have towards attaining a SCA with sports apparel brands was very limited. Although RBV and the importance of intangible resources are well documented in the literature, the influence of brand image and brand reputation towards attaining SCA was not. During the course of this research a number of findings have been made through an examination of the literature and through data analysis.

Literature in Chapter 2 identified that intangible resources are a better source of SCA than tangible resources because they are invisible and hence not easily duplicated. In addition Chapter 2 also identified that the search for SCA has encompassed the development of characteristics essential in a SCA. Chapter 2, Table 2.2 illustrated the characteristics essential in a SCA according to four different researchers. This table identified three findings. First, there is a large degree of overlap between the researchers; second, various characteristics that have the same meaning are termed differently, such as rare and scarce; third, the characteristics that appear most in the

literature are rare, inimitable, non-substitutable and durable. Although these characteristics appeared most in the literature, this did not mean that they were essential characteristics involved in attaining a SCA. Literature in Chapter 3 identified the importance of brand image and brand reputation and various components that make up or influence the development of these two resources.

Some of the major findings that were established from the research in this study started with the case studies when a cross-case comparison was conducted revealing various patterns. Supported in all three cases, various components of the researched brands were believed to possess the characteristics of being rare, valuable, inimitable and durable.

Furthermore, additional resources were identified in the case studies as important resources and were considered to be sources of SCA. These resources were history, heritage and authenticity. Heritage is formed from various aspects of a brand's history, and authenticity was identified as a subset of history where history can vouch for claims of being authentic. Therefore history was identified as a significant resource that enables the creation of additional valuable resources and can potentially lead towards a SCA.

Supported in the data collection and presented in the discussion were three factors believed to establish images which have a direct influence on a firm's brand image, namely sponsorship, media and product. Additionally, images can be created from these three components at any time that instantly influence consumers' perceptions about the brand image of the firm. The degree to which the images are positive or negative will determine the quality of the brand image. It was suggested that brand

image would develop a CA only, because it does not possess the necessary characteristics to reach a SCA.

Furthermore, the findings suggested that brand reputation is developed from quality product, sponsorship, and media. Brand reputation can also possess the necessary characteristics for a SCA, therefore it was suggested that brand reputation would develop this advantage. Hence the findings lead to the development of a proposed model that suggests brand image over time will develop a brand reputation.

10.3 Implications for the Practitioner

This research identified the importance of brand image and brand reputation and the influence these two resources have towards having a SCA using three sports apparel brands. Although findings in this research are best suited to sports apparel brands, there are important implications that will be applicable to all practitioners.

Firms that provide sponsorship should endeavour to maintain positive sponsorship properties that hold the same or similar image that the firm wants to portray. Additionally, the product that is sold should always be of technical excellence with minimal opportunity for fault. Media exposure is usually associated with the larger brands, but it is important to iterate that negative media towards a firm is detrimental to the brand image, thus all operations should be of high quality.

Not all firms provide sponsorship and some firms provide a service as opposed to product, thus the most important implication of this research is the importance of brand image and brand reputation. If a firm maintains a positive brand image it is likely that it

will develop a positive brand reputation. The short-term focus on consistency in all operations has long-term implications, which will be the development of a brand reputation.

Although this research identified that sponsorship, product and media influence brand image, this does not mean that these are the only factors that will influence brand image. Furthermore, not all firms provide sponsorship and some firms provide a service as opposed to product, and some firms will never be in the media, therefore it is important that all of a firm's operations are positive to ensure the creation of positive images that influence the brand image and create a positive brand reputation.

10.4 Implications for Theory

The research used the theory of RBV to explain the influence of brand image and brand reputation towards SCA with sports apparel brands. The research findings suggested that the intangible resource of brand image will not sustain a competitive advantage because it will not possess the necessary characteristics. However, literature suggested that intangible resources are significant resources in sustaining a competitive advantage. Therefore, this finding does not support the literature and further research should be conducted to establish which intangible resources are capable of sustaining a competitive advantage.

The characteristics of being rare, valuable, inimitable and durable were identified in all three cases as being held by various components of the brand. However, this specific list of characteristics is not supported in the literature by any researcher and is not the

list of characteristics that appear most in the literature. Therefore this research has not resolved the issue of nomenclature surrounding this theory.

10.5 Limitations

Reflecting on the study undertaken, a number of limitations become evident. The limitations can be recognised as the scope of the study due to time constraints, data collection and the research approach.

A Master of Business thesis is bound by certain time restraints, which restricted the scope of this research. Secondary data collected was limited due to the lack of information available, which is more apparent in one of the three cases and extended time could have rectified this concern. While the findings of this study are important for theory generation in the field of brand image, brand reputation and SCA, the findings also highlight the need for further research to incorporate longitudinal investigations. Coupled with the findings of this study a longitudinal study will help to provide further foundations to suggest that brand image and brand reputation are both essential in leading towards a SCA.

This research was conducted with sports apparel brands that are deeply involved in the sports industry; therefore, the level of applicability within other industries can be questioned. Not all industries are involved in sponsorship or product manufacture and not all can potentially be hot topics in the media, so these factors influencing brand image will not be applicable in such fields.

Lastly, this research was conducted within the New Zealand setting that the three brands operate in. Therefore the findings in this research may not be applicable to settings outside of New Zealand.

10.6 Future Research

This research used the theory of RBV to establish the influence brand image and brand reputation have towards achieving a SCA in the sport apparel industry. Throughout this research various implications for future research can be made.

The deductive process of the study placed essential characteristics leading towards a SCA by various researchers in a table which revealed a range of distinctions as well as a degree of overlap and similarities. A number of characteristics have appeared in the literature more than once and some characteristics have a clear distinction but hold the same concept. The characteristics that appear most in the literature are being rare, inimitable, non-substitutable and durable. This exact list was not supported in the inductive process of this research, where brand reputation was identified as holding the characteristics of being valuable, rare, inimitable and durable. Although the two lists of characteristics hold significance it does not necessarily mean that if a resource has these characteristics it will sustain a competitive advantage. Further research needs to be conducted in this area to establish essential characteristics in sustaining a competitive advantage.

Additionally, three new themes were uncovered in the case studies as having direct importance for the researched brands. In all three cases history was identified as holding significant importance to the brand; evident in two out of the three cases was

the importance of heritage and authenticity. History can be identified as a major resource that enables the creation of further advantage-creating resources such as heritage and authenticity. In terms of history creating a SCA, it can be considered to be quite possible. Within the discussion section it was suggested that history can possibly hold the characteristics of being valuable, rare, inimitable and durable, leading towards SCA; however, it was purely a suggestion from the findings in this research. To add value to this notion research would have to be conducted in the area of history and SCA.

Most importantly the developed model in Chapter 9 requires further research to further establish the theoretical narrative behind its development. Therefore quantitative research should be undertaken to confirm the concepts behind this model.

In summary, both the deductive and inductive processes in this research identified future areas of research. A degree of nomenclature has developed towards the characteristics essential in attaining a SCA, thus future research conducted on essential characteristics will possibly resolve the issue of nomenclature. Furthermore, history, heritage and authenticity were identified as important resources in the cases studies. However, the direct importance they have to each other or towards SCA is unclear, thus further research into this area will possibly identify the importance these resources have towards sustaining a competitive advantage. This research created a model that requires further quantitative research to further establish the concepts behind it.

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APPENDICES

Appendix A



MEMORANDUM

To: Geoff Dickson
From: **Charles Grinter** Ethics Coordinator
Date: 6 July 2006
Subject: Ethics Application Number 06/51 **The influence of brand image and reputation on sustained competitive advantage.**

Dear Geoff

I apologise for the delays in sending this memo to you. I am pleased to advise that a subcommittee of the Auckland University of Technology Ethics Committee (AUTECH) has approved your ethics application at their meeting on 19 June 2006. This delegated approval is made in accordance with section 8.1 of AUTECH's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTECH's meeting on 14 August 2006.

Your ethics application is approved for a period of three years until 19 June 2009. I advise that as part of the ethics approval process, you are required to submit to AUTECH the following:

- A brief annual progress report indicating compliance with the ethical approval given using form EA2, which is available online through <http://www.aut.ac.nz/research/ethics>, including a request for extension of the approval if the project will not be completed by the above expiry date;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/research/ethics>. This report is to be submitted either when the approval expires on 19 June 2009 or on completion of the project, whichever comes sooner;

You are reminded that, as applicant, you are responsible for ensuring that any research undertaken under this approval is carried out within the parameters approved for your application. Any change to the research outside the parameters of this approval must be submitted to AUTECH for approval before that change is implemented.

Please note that AUTECH grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

To enable us to provide you with efficient service, we ask that you use the application number and study title in all written and verbal correspondence with us. Should you

have any further enquiries regarding this matter, you are welcome to contact me by email at charles.grinter@aut.ac.nz or by telephone on 921 9999 at extension 8860. On behalf of the Committee and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely
Charles Grinter
Ethics Coordinator

On behalf of Madeline Banda, **Executive Secretary, AUTECH**

Appendix B

Interview Protocol

1. Introduction

1. Ask if the interview can be taped, then switch the tape recorder on and repeat the question on tape.
2. Brief introduction of myself and the research study

2. Market Position

1. Where do you think your company is placed in the market compared to other brands such as, Nike, Canterbury and Asics?
2. Are you comfortable with your market position or are you looking to change?
3. Who do you see as your major competitors? Why?

3. Strengths

1. In terms of brand image and reputation, do you view them as strengths of your organisation?
2. How are these important to your organisation?

4. Brand development questions

1. How do you view your brand? Its position and its contribution to success?
 - a. Why do you think your brand is successful?
2. What advantages does your brand have over your competitors?
3. Do you believe your brand is different from your competitors? How and why?
4. How does this contribute to success?
5. How important is consistent brand overtime? Why?
 - a. How is this related to success? What does this create over time?
6. What is the role of sponsorship in creating or maintaining your brand

7. Do you think sponsorship over a long period of time is beneficial to your brand
How? Why?
8. How do you see your brand five years from now?
9. Do you believe your brand can lead towards a competitive advantage?
 - a. Why and how can this be achieved?
10. What is it that you do well in terms of your brand?
11. Do you think competitors would like to copy you image?
12. What is it that you do that your competitors would like to copy but cannot?

APRIL 4TH 2006



The influence of brand image and reputation on sustained competitive advantage

Dear

I am conducting a research project as part of my Masters degree and I would like to invite you to participate in an interview as part of this research. The aim of this research is to evaluate the image and reputation of your organisation and how these concepts contribute to the success of your organisation.

Participation within the interview is voluntary. If you choose to withdraw from the interview at any stage you may do so. You will be asked to answer a series of questions on four various topics namely, organisation goals, organisational based questions, brand development questions, and image and reputation based questions. We have chosen your organisation, because our focus is on successful and established brands in the New Zealand sport industry. Our aim is to keep the interview within 90 minutes. If the interview has not been fully completed within 90 minutes, a request will be made to you to continue the interview. If you decline, the interview will conclude at this point, otherwise it will continue for a maximum of 20 extra minutes.

This research project will attempt under all circumstances to prevent any form of discomfort or risk. The questions will be carefully developed to minimise this potential. No questions will be of a personal manner and confidential questions will not be asked. All information gathered will be kept strictly confidential and will be used for the purpose of this project only. Once the interviews are completed and transcribed, all interviewed participants will be contacted via email providing them the opportunity to request a copy of the data from their interview to check for accuracy. All participants have the right to gain access to their results if requested. Results from the interviews and a copy of the report will be made available to subjects upon request. Contact information of the researcher is provided.

If you agree to participate in this project, you will have to fill out a participation consent form. This will be emailed to you once the invitation has been accepted. Once the thesis is completed and results have been tabulated findings from this research will be forwarded to you. This may not be until the end of the year 2006.

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Bob Heere, bob.heere@aut.ac.nz, or Ph 921 9999 ext 7094. Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, madeline.banda@aut.ac.nz, 921 9999 ext 8044.

With regards,

Brett Sweeney

MBUS student

Auckland University of Technology

Ph 921 9999 ext 7119

Bsweeney@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on 6 July 2006

AUTEC Reference number 06/51

Appendix D



CONSENT TO PARTICIPATE IN RESEARCH

Title of Project: The influence of brand image and reputation on sustained competitive advantage

Project Supervisor: Dr Geoff Dickson

Researcher: Brett Sweeney

- I have read and understood the information provided about this research project (Information Sheet dated 4th of April.
- I have had an opportunity to ask questions and to have them answered.
- I understand that the interview will be audio-taped and transcribed.
- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- If I withdraw, I understand that all relevant tapes and transcripts, or parts thereof, will be destroyed.
- I agree to take part in this research.
- I wish to receive a copy of the report from the research: tick one: Yes No
- I wish to receive a copy of the transcriptions from this interview for accuracy purposes: tick one: Yes No

Participant signature:

Participant name:

Participant Contact Details (if appropriate):

.....
.....
.....
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on 6 July 2006

AUTEC Reference number 06/51

Appendix E

Focus group protocol

1 Image

1. When you think of, Adidas, Puma, Canterbury what do you think?
2. Of the three which do you like the best?
3. Can you elaborate on why you said....?

2 Reputation

1. Can you think of your first memory of this (Adidas, Puma or Canterbury)?
2. What did you think of..... then?
3. What do you think of (Adidas, Puma or Canterbury) now?
4. What has prompted these changes?
5. What has this created over time?

3 Influence of image

1. To what extent is your perception of these brands influenced by their sponsorships?
2. Do you think media has shaped your perceptions of (Adidas, Puma or Canterbury) in any way?
 - a. How has this happened?
 - b. How about negative media?
 - c. What about negative media about the company?
3. Negative media about an old brand such as Adidas opposed to a new brand.
4. What role does product quality play in your perception of the brand?

Appendix F

CONSENT TO PARTICIPATE IN RESEARCH



Project title: The influence of brand image and reputation on sustained competitive advantage

Project Supervisor: Dr Geoff Dickson

Researcher: Brett Sweeney

- I have read and understood the information provided about this research project in the Information Sheet dated October 2006.
- I have had an opportunity to ask questions and to have them answered.
- I understand that identity of my fellow participants and our discussions in the focus group is confidential to the group and I agree to keep this information confidential.
- I understand that the focus group will be video/audio-taped and transcribed.
- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- I agree to take part in this research.
- I wish to receive a copy of the report from the research (please tick one):

Yes No

Participant's signature:.....

Participant's Name:.....

Participant's Contact Details (if appropriate):

.....
.....
.....
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on 6 July 2006 AUTEK Reference number 06/51

Appendix G



OCTOBER 2006

The influence of brand image and brand reputation on sustained competitive advantage

Dear participant

I am conducting a research project as part of my Masters degree and I would like to invite you to participate in a focus group. The aim of this research is to evaluate the image and reputation of three selected organisations and this focus group will add the external perspective to this thesis. You will be asked to discuss a series of questions based on your perceptions of Adidas, Canterbury and Puma. The duration of the focus group will remain within 90 minutes.

Participation within the focus group is strictly voluntary. If you choose to withdraw from the focus group at any stage you may do so. This research project will attempt under all circumstances to prevent any form of discomfort or risk. The questions will be carefully developed to minimise this potential. No questions will be of a personal manner and confidential questions will not be asked. All information gathered will be kept strictly confidential and will be used for the purpose of this project only. All participants have the right to gain access to their results if requested. Results will be made available to subjects upon request. Contact information of the researcher is provided.

This focus group will be held on October the 19th at 10.30am (this time can be changed for the convenience of the participants) and a meeting will be held on Wednesday the 18th of October after your normal class time with all those that are interested to discuss minor details. All who participate will receive a \$50 petrol voucher for your time and contribution. To participate in this research initiative you will be asked to fill out a participation consent form just before the focus group begins.

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Geoff Dickson, gdickson@aut.ac.nz or Ph 921 9999 ext 7851.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, madeline.banda@aut.ac.nz , 921 9999 ext 8044.

With regards,

Brett Sweeney,

Masters Student

Ph 921 9999 ext 7119

Brett.sweeney@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee 15 June

2006

Reference number 06/51